



Brussels gets its teeth into a sticky problem

By Neil Buckley in Brussels

European commissioners will try today to agree a compromise on a directive that would allow chocolate to be called chocolate even when it contains vegetable fat...

The debate has seen commissioners taking part in blind tasting sessions of chocolate, and there have been calls for chocolate containing vegetable fat to be renamed "vegetate"...

Cocoa-producing countries such as Brazil, Ecuador, the Ivory Coast and Ghana, warn that allowing chocolate containing vegetable fat to circulate freely across the EU could reduce total cocoa demand by 60,000 tonnes in the short term...

More candidates stand in wings but small field favours Yeltsin

Four runners pass test for Kremlin race

By Chrystia Freeland in Moscow

Only four politicians were sure to see their names appear on the ballot paper for Russia's June 16 presidential election when the deadline for applications passed yesterday...

rival, hit the campaign trail, venturing deep into Russia's impoverished provinces.

But while Mr Yeltsin made a series of populist promises borrowed from the Communist agenda, his leftwing challenger sought to assure voters that a Communist victory would not bring an end to market reforms...

A recent opinion poll suggests that Mr Yeltsin's shift to the left has won him new supporters, but he is still narrowly behind his Communist opponent.

But in an open field, Mr Zyuganov is still firmly in the lead. The Communist leader won the support of 36 per cent of respondents, Mr Yeltsin trailed with 18 per cent...

This result suggests how crucially Russia's electoral procedures could influence the final result. A candidate can be elected president in the first round of voting only if he wins more than 50 per cent of total votes cast...



"No financing - No army" reads a banner flourished by civilian employees of Russia's defence ministry. They were protesting yesterday about not being paid for the past several months.

EUROPEAN NEWS DIGEST

Norwegian oil strike cancelled

The Federation of Norwegian Oil Workers (OFS) yesterday postponed a strike by 2,500 workers, which was scheduled to have started last night and which would have halted around 75 per cent of the country's oil output.

Bonn summit on spending cuts

The parties in Germany's governing coalition will decide the final shape of the package of spending cuts and social policy reforms to boost the nation's international competitiveness at a special meeting on April 25...

German inflation stays steady

Inflation in Germany moved up a tick in March as the year-on-year increase in the cost of living index advanced to 1.7 per cent from 1.6 per cent in February.

Markets put their money on Emu

Mood is growing that single currency will go ahead as planned, writes Richard Lapper

Convergence bets back on

Doubts may still persist about the likelihood of European monetary union, but traders and investors in the continent's financial markets are increasingly convinced that European Union members will adopt a single currency as planned.



Italy, which are unlikely to join Emu from the start, may be linked closely to the single currency through a new exchange rate mechanism.

Over the past few months this uncertainty has given way to much greater stability as German and French currencies and interest rates appear to be converging.

Mr Nigel Richardson, head of bond research at Yamachi International, the Japanese securities house, says the criteria "have been viewed incorrectly by many as rigid mechanistic rules, when in fact they are designed for flexibility."...

Brakes slammed on new car sales in West Europe

Registrations rose last month in 12 of the 17 markets monitored, but the sharp recovery previously seen in Germany - the region's largest market by far - faded last month.

The unexpected surge in western Europe's new car market which began in January lost much of its momentum last month.

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WEST EUROPEAN NEW CAR REGISTRATIONS January-March 1996. Table with columns for Volume (Units), Volume Change (%), Share (%), and Share (%).

Van Gogh saga shakes French art market

By Andrew Jack in Paris

The family of an art collector fighting the French system of controls on the export of historic paintings is considering taking the government to the European Court of Human Rights.

The French courts upheld an award in his favour but, on appeal by the state, the compensation was reduced from FF422m to FF145m, reducing the estimate of the painting's worth and eliminating the interest.

"The more you create regulations, the more they end up having the opposite effect to what was intended," he says.

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Handwritten Arabic text: سوقا من الاجال

# G7 presses EBRD on Ukraine N-plants

By Kevin Dore, East Europe Correspondent, in Sofia

The European Bank for Reconstruction and Development is coming under strong pressure from the Group of Seven western industrial countries to play a lead role in financing the \$1bn completion of two nuclear reactors in Ukraine.

The project is expected to feature prominently on the agenda of the nuclear summit in Moscow later this week between the G7, Russia and Ukraine, which will address issues of nuclear safety, nuclear weapons and illegal trade in nuclear materials.

The involvement of the EBRD again in the controversial issue of the financing of nuclear power stations in eastern Europe triggered protests from environmental groups at the bank's annual meeting yesterday.

The protest followed in the wake of Monday's unanimous decision by the bank's shareholder governments to support a doubling in the EBRD's capital base to Ecu20bn (\$25bn) to allow it to accelerate lending to the region during the late 1990s. The EBRD is being

forced reluctantly back into the nuclear debate, as anxiety grows in the west about the continuing operation of two of the four reactors at Chernobyl in the Ukraine; this month sees the tenth anniversary of the disaster at the site.

Ukraine's insistence on the completion of two other reactors, Khmelnytsky 2 and Rovno 4, was part of the price it exacted for agreeing to the closure of the Chernobyl reactors in a memorandum of understanding it reached with the G7 in December.

The EBRD - which earlier faced a storm of protest over its planned involvement in financing the completion of two nuclear reactors at Mochovce in Slovakia close to the Austrian border - is currently wrestling with the problem of how to respond to the G7 request to become involved in Ukraine.

The EBRD was forced to abandon the controversial Mochovce project last year when Slovakia refused its tough terms and conditions and chose an alternative scheme with Czech and Russian financing. The Mochovce experience has made it circumspect, but it clearly feels in no

position to refuse the request from its leading shareholders in the G7, which have told it that they "expect" its "active engagement in securing" the financing of the completion of the two nuclear reactors in Ukraine.

The G7 letter to the EBRD said this should be done according to "internationally accepted safety standards" and as part of a "least-cost" solution to the future development of Ukraine's energy sector.

Environmental groups argue that this development should centre on energy efficiency measures - Ukraine is one of the world's least efficient users of energy - and on thermal and hydro power stations.

The EBRD now faces the thorny problem of how to commission an "independent" study of the "least-cost" option that will be acceptable to environmental lobby groups as an independent report.

# De Larosière calls for focus on developing east's private sector

By Kevin Dore

Mr Jacques de Larosière, president of the European Bank for Reconstruction and Development, said yesterday that the bank would increase its focus on the development of the private sector in central and east Europe.

This further replaces the emphasis in its early years on the utility and infrastructure projects involving the then pervasive public sector.

At the same time the bank will seek to diversify eastwards and increase its local presence by opening offices in Baku, Azerbaijan, Moldova, the focus on the private sector would include a particular emphasis on small and medium-sized enterprises and a strong role in equity financing.

Shareholder governments at the EBRD annual meeting in the Bulgarian capital, Sofia, have also urged still greater emphasis on the development of the financial sector in central and east Europe.

Another shift would see more advanced countries receiving advice on areas such as the development of domestic capital markets instead of financial aid.

"From our shareholders in the countries of operations, we look for firm commitment to

macroeconomic stability and continued strengthening and deepening of the reform process," he added.

Mr de Larosière said the EBRD planned to:

- Take further equity stakes in banks in the region;
- Offer credit lines for financing small companies via local banks;
- Facilitate trade and investment finance; and
- Participate in private equity funds, including newly emerging areas such as mutual and pension funds.

The bank's future priorities would also include participating in funds to invest in newly privatised companies and industries being restructured, where profit-driven investors might still be wary. "Even in the most advanced countries this task of restructuring (privatised enterprises) is still in its early stages," said Mr de Larosière.

Next year's annual meeting of the EBRD will be in London, where it is headquartered, but Mr de Larosière said that it had still not been decided whether the 1998 meeting would be in Kiev, Ukraine or in the Latvian capital, Riga.

Mr Ruairi Quinn, the Irish finance minister, was yesterday elected chairman of the EBRD's board of governors in succession to Mr Lamberto Dini, Italian prime minister.

# Greeks stockpile feta for world domination

For Mr Yannis Toyas, whose goats browse a prickly mountainside on the island of Evia, the European Commission's decision last month to make feta cheese an exclusively Greek product was long overdue. "Sheep and goat raising is such a precarious business that only my parents' generation are still doing it full-time," he says. "But if there's a bigger market for feta, I'll be one of the first to expand."

Mr Toyas, a hospital cook, makes feta at home and sells surplus milk to the local cheese factory. His flock of 40 goats is typical of small farmers who supply more than 800 commercial producers of feta around Greece.

The EU ruling that feta is a Greek sheep milk cheese containing a small amount of goat milk will open up new export opportunities for Greek producers. At present, Denmark is the Union's main exporter, selling more than 60,000 tonnes yearly of artificially whitened cheese made from cow milk as feta, mainly to the Middle East.

Greece produces about 140,000 tonnes of feta yearly, but exports less than 12,000 tonnes, most of which is consumed by expatriate Greeks in Germany, the US and Australia. The Greeks have a larger appetite for cheese than other Europeans, with per capita consumption of around 24kg yearly. Though feta is still the most popular cheese, imports of cheese made from cow milk amount to more than 70,000 tonnes yearly.

Greek hotels and catering companies import about 8,000 tonnes yearly of the cheaper Danish version of feta, which is served to foreign tourists partly because they won't know the difference from Greek feta and partly because some people find the sharp taste of goat's milk hard to get used to," says Mr Emmanuel Afyntakis of the Greek dairy board.

However, when the EU ruling comes into effect in five

years, Greece's feta producers will feel more confident about exporting, Mr Afyntakis says. The industry is being transformed by a group of large Greek dairy companies which have started to make standardised feta at automated plants.

Mr Yannis Karamallis, managing director of Epirus, a new producer of standardised feta which this year plans to export half its 6,000-tonne output, says: "The EU's decision is our chance to put authentic feta on the map. It costs more to produce than the cow's milk imitation but there's a big difference in quality."

Like other larger producers, Epirus has tried to upgrade milk quality by setting up a network of collection stations to serve remote villages and providing suppliers with milk coolers and free veterinary services. The big dairy companies are expected to drive out of business several hundred small cheese-makers, who produce less than 50 tonnes of feta yearly in primitive conditions, often using unpasteurised milk.

Output of feta has risen by 25 per cent since the dairy companies entered the market in the early 1990s. Increasing demand for milk encouraged more Greeks living in mountainous areas to take advantage of EU subsidies for raising sheep and goats. In contrast to cow's milk, there are no EU ceilings for the production of sheep and goat milk in Greece.

Mr Giorgos Kostas, who

sells cheese and yoghurt in Karystos, a small town in Evia, says: "The sheep population round here has doubled in the past five years and there would be a lot more if you could find shepherds to look after them"

Mr Antonis Karavilas, the plant manager, says: "Every cheese plant on the island has a refrigerator full of feta. We need to start boosting exports now, not in five years."

Kerin Hope

# Turkish PM in pledge to Azeris as Russians hand over alleged coup leader

## Moscow vies with Ankara in Caspian intrigue

By John Burton in Ankara and Bruce Clark in London

The government of Azerbaijan, an oil-rich republic where outside powers are vying furiously for influence, has this week won a fresh promise of diplomatic and military support from Turkey, and a significant concession from Moscow - the arrest of two wanted politicians.

The latest overtures by Turkey, which has close cultural and linguistic ties with Azerbaijan, came from Mr Mesut Yilmaz, the prime minister, who underlined Ankara's intense interest by making Baku his first foreign port of call since taking office.

Mr Yilmaz assured Azeri President Heydar Aliyev, a former Soviet Politburo member, of Ankara's strong support for the "just cause" of restoring the territorial integrity of Azerbaijan, one-fifth of whose land is controlled by Armenian forces. The Turkish leader said his country was ready to provide "all kinds of assistance" to help improve Azerbaijan's army.

Mr Yilmaz underlined Turkey's willingness to deploy peacekeeping forces in the Armenian-Azeri war zone - but apparently failed to persuade Mr Aliyev to endorse a conditionally a formula for resolving the bitter territorial dispute by peaceful means.

Turkish businessmen have called recently for an acceleration of peace efforts in the region, noting that one of the most promising routes for a proposed pipeline from the Caspian Sea to the Persian Gulf would run through the conflict zone.



Turkish prime minister Mesut Yilmaz underlined Ankara's intentions by making Baku his first foreign port of call



Former Azeri defence minister Bagha Gaziyev addressing the crowds before he was forced to flee Azerbaijan for Moscow

Russia, for its part, has made an even more dramatic attempt to woo Mr Aliyev by announcing the arrest of two of his political adversaries who had hitherto enjoyed asylum in Moscow: ex-President Ayaz Muttalibov and the former

defence minister, Mr Ragim Gaziyev. While Mr Gaziyev has already been transferred to Azeri custody, and may face the death penalty for treason, the fate of Mr Muttalibov was uncertain as he underwent treatment yesterday in a Moscow hospital.

Azerbaijani officials accuse him of organising mass disorder, a coup attempt, and complicity in the deployment of Soviet troops in Baku in January 1990.

As defence minister, Mr Gaziyev oversaw Baku's effort to wipe out the Armenian community in the disputed Nagorno-Karabakh region through rocket attacks and aerial bombing - but he lost influence after the campaign failed, and hundreds of thousands of Azeris were forced to flee.

Mr Gaziyev escaped from an Azerbaijani prison in September 1994 and was sentenced to death *in absentia*. He is also accused of taking part in failed coup attempts against President Aliyev in October 1994 and March 1995.

Several former top officials accused of plotting or supporting coups are already awaiting trial. In particular, many are accused of helping former Azeri defence minister Bagha Gaziyev to escape from Azerbaijan for Moscow.

Mr Aliyev has kept all countries guessing about his strategic intentions since taking power from a strongly pro-Turkish regime in 1993.

In recent weeks, Azeri officials have hinted that they might rethink their refusal to host Russian military bases if Moscow were to soften its support for the Armenians and help the Baku government secure control of the whole republic.

Russia is pressing Azerbaijan both for a closer strategic relationship - in the hope of cutting off the supply of weapons to rebels in Chechnya - and for closer co-operation over the extraction and transport of oil in the Caspian Sea.

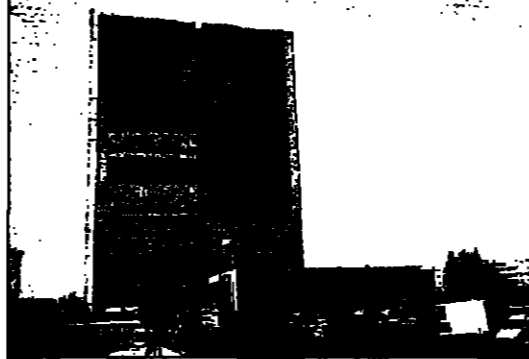
In a hint that intensive Russian-Azeri bargaining was underway over Mr Muttalibov and possibly other issues, officials in Moscow said they would "study the legal position" before extraditing Mr Muttalibov, who is blamed by Mr Aliyev for masterminding the October 1994 coup attempt.

The Turkish leader said his country was ready to give 'all kinds of assistance'. Russia, for its part, has made an even more dramatic attempt to woo President Aliyev

defence minister, Mr Ragim Gaziyev.

While Mr Gaziyev has already been transferred to Azeri custody, and may face the death penalty for treason, the fate of Mr Muttalibov was uncertain as he underwent treatment yesterday in a Moscow hospital.

On the 27th March 1996 the General Director of Czech Radio decided to advertise PUBLIC TENDER for making the best bid to enter into a contract on purchase of the Radio Broadcasting Centre at Pankrác, Prague 4, Rumcszkova St.



### PUBLIC TENDER

**1. Object**

- 1.1. The object of the public tender ("Tender") is the best bid ("Bid") subject to the advertiser's valuation, to enter into an agreement for the: (a) purchase of a real property and certain movable estate; (b) conveyance of obligations; (c) conveyance of lease agreements; (d) assignment of claims in relation to the Radio Broadcasting Centre Pankrác still in construction ("RSP") in accordance with the conditions herein.

**2. The RSP consists of:**

- 2.1. A high rise building under construction - 27 floors plus 3 underground floors, plot No. 2860/9;
- 2.2. A building - three floors + one underground floor, plot No. 2860/10;
- 2.3. Other areas registered under the plot No. 2860/1 whereby all the described property is entered in the evidence title record No. 50 of the Cadastral Area Nusle, Land Register Office Prague - City;
- 2.4. Provisional structures used as Pankrác building site premises;
- 2.5. Provisional structures used as Piseňce building site premises;
- 2.6. Mobile cells used as Pankrác building site facilities.

**3. Price**

- 3.1. The offered price is 1,350,000 CZK (one billion three hundred and fifty million Czech Crowns);
- 3.2. Before filing the Bid for the Tender each bidder shall deposit ("Deposit") 1% of the offered price in a separate account with his bank. The account shall be blocked to the benefit of the advertiser. Immediately after the selection of the winning Bid, the other participants will receive written notice from the advertiser which will serve as an evidence for release of the blocked account.
- 3.3. Failure to deposit the Deposit before filing the bid will make such Bid void and invalid.

**4. The Bid filing procedure**

- 4.1. The bidder shall submit one copy of the Bid in a sealed cover marked by "RSP" in person or through an agent having a power of attorney with officially verified signature of the principal to the attention of Ms Marie Malá, notary in Prague (Office: Prague 2, 17 Karlovo náměstí). The date and hour of the Bid filing together with a receipt of the Deposit and a contract with the respective bank will be acknowledged and entered into a custody record;
- 4.2. After filing the Bid the bidder may neither revoke the Bid nor make a modification or amendments thereto;
- 4.3. Before filing the Bid, the bidder will have an opportunity to review the RSP documentation with Ms Marta Běsová (phone +42-2-273889).

**5. The time limit for filing of a Bid**

- 5.1. The Bid shall be filed in person or through an agent (see 4.1.) by not later than by 2:00 p.m. on 14th June 1996. If the Bid is mailed, the filing date and time will be considered to be the date and time as defined in Article 4.1. hereof.

**6. The valuation method and deadline for selection of the best Bid**

- 6.1. Ms M. Malá, notary in Prague will draw up a notarial deed recording the opening of the covers, the number of bids, prices offered as well as the number and type of exhibits, if any;
- 6.2. The readiness to pay the purchase price and supporting evidencing the capacity to pay the purchase price as well as comments on the draft contract will be amongst the criteria for valuing the bid;
- 6.3. The advertiser shall complete the valuation of the bids by July 1st, 1996;
- 6.4. The advertiser will select the best Bid not later than by July 15th, 1996 together with the notice published in daily press and mailed by a registered letter to each bidder. By the same time the advertiser will notify other bidders on the best Bid.

**7. Advertiser's reservations**

- 7.1. The bidder shall assume the draft agreement produced by the advertiser as his own. The draft mentioned will establish a basis for negotiations on the final agreement;
- 7.2. The advertiser retains the right to modify or nullify the advertised Tender in the same way as it has been advertised;
- 7.3. The advertiser retain the right to reject all Bids submitted.

**8. Information**

- 8.1. Any information on the RSP are available with Ms Marta Běsová (phone +42 2 273889);
- 8.2. Besides the said information the bidder will obtain the advertiser's draft agreement which forms a supplement to the conditions of the Tender.

**ČESKÝ ROZHLAS**

سكوكا من الأصل



# Kazakhstan tariff cuts will strain customs union with Russia

By Sander Thoenes in Almaty

Kazakhstan will slash import duties on a wide range of products from tomorrow, easing trade relations with the west but straining a fragile new customs union with its neighbours.

antagonise Moscow, the principal partner in a customs union which also includes Belarus and Kyrgyzstan. Kazakhstan announced its move days before Kyrgyzstan joined the union - which is designed to harmonise tariffs - last month.

"We gained a lot from the customs union," he said, adding that trade with Russia rose by more than 50 per cent in the past year. "Maybe this is a step back. But Kazakhstan is a sovereign state and has its own interests to defend. We don't produce cars. We were basically defending the Russian industry."

Most former Soviet republics have imposed steep export duties in recent years to ensure domestic needs are met and to stem a flood of heavily subsidised commodities onto the world market. But high inflation and a cut in subsidies, combined with stabilisation of the exchange rates, are gradually rendering the tariffs unnecessary.

Similarly, oil and gas executives said their contracts should protect them from expected tax increases that would compensate for the abolition of export tariffs. Thursday's tariff cut on cars will apply only to imports by private citizens, but on June 1 dealerships will benefit as well.

Many dealers have not sold a single car since Kazakhstan sharply raised duties to comply with the customs union last year. Russia, which has four big car producers to protect,

imposes a levy of about 70 per cent on car imports, and between 5 per cent and 20 per cent on machinery, such as combine harvesters. Kazakhstan, by contrast, will now exempt such equipment from tariffs.

Western diplomats welcomed the tariff cut, calling the customs union with Russia a barrier to entry in the WTO. But many Kazakh officials privately say the cut did more harm than good and predict that Kazakhstan may raise import rates again in a compromise with Russia.

## First western nuclear plant in E Europe opens

By Virginia Marsh in Budapest

Mr Jean Chrétien, Canada's prime minister, will today open Romania's first nuclear plant, the only one in the former eastern bloc built with western technology.

have opted for Candu nuclear stations. The plant, which was begun in 1976, was scheduled for completion in the 1980s but was dogged by chaotic management and technical problems during the regime of late dictator Nicolae Ceausescu. Construction was halted in 1990 after a survey found equipment was in poor condition and that more than a third of welding was faulty.

This winter, Romania's worst in 25 years, has seen cuts in supplies of electricity to industry because of energy shortages. Although Romania has a well developed oil and gas sector, it imports around half its primary energy requirements and has struggled to finance energy import bills of about \$100m a month.

Cernavoda has been built by Atomic Energy of Canada together with Ansaldo of Italy and Renel, Romania's state electricity company. It is estimated to have cost more than \$2.5bn to date, well over budget. The industry ministry estimates the second reactor which Romania hopes can become operational around the year 2000, will cost about \$300m to complete.

## Emerging economies accounted for the fastest growth within the 10% overall increase in 1995

# Recorded music sales bound towards \$40bn

By Alice Rawsthorn in London

The global music market saw sales increase by 10 per cent to a total of just under \$40bn last year, according to figures released today by the International Federation of the Phonographic Industry.

in south east Asia and eastern Europe. The global music market has grown by 35 per cent over the past three years from \$28.5bn in 1992 to \$38.7bn in 1995, according to the IFPI.

international market is changing. Growth slowed last year in the US, which has for decades been the world's largest music market, and accelerated in Asian and Latin America countries such as Brazil, India and Indonesia.

Other established music markets showed strong growth, notably France, where retail sales rose by 8 per cent to FF11.9bn, and Japan, the world's second largest music market, with an increase of 9.2 per cent to Y714.2bn.

by 29 per cent in Indonesia and by 12 per cent in the Philippines. Brazil, Hungary, Slovakia and the Czech Republic also showed double digit sales growth.

international following in her early twenties. But musical taste is generally becoming more chauvinistic and local stars, including Hong Kong's Jacky Cheung and Brazil's Mamona Assassinas, are becoming increasingly popular in their regions.

## Taiwanese join 'Asia car' plan

China Motor, one of Taiwan's two leading carmakers, said yesterday it would take part in the four-country "Asia car" project, led by Mitsubishi of Japan, to build a new range of Mitsubishi cars on the island.

The cars will also be built in Indonesia and the Philippines by Mitsubishi affiliates. Taiwan will comprise the biggest portion of the plan and the cars to be built by China Motor could be worth between T\$1.8bn and T\$2.4bn (between US\$66m and US\$88m) in annual sales, according to a China Motor official.

Meanwhile, General Motors is expected to announce the location of its planned \$1bn Asian car plant before the end of June, according to a company official. The Philippines and Thailand have been competing for the prestige venture. The official said GM was still evaluating its options. *Reuter, Taipei*

## Snecma extends GE partnership

Snecma, France's state-owned aero-engine maker, has agreed to join its traditional partner, General Electric of the US, in developing higher thrust versions of the GE90 engine. The loss-making Snecma had, for reasons of cost, refused to join GE in developing derivatives of the GE90 engine in which it has a 25 per cent share. But Mr Bernard Dufour, the Snecma president, said yesterday they had found a reasonable technical solution through using the same high pressure compressor for a 100,000lb thrust engine as for the 92,000lb thrust engine which the two companies have already agreed to work on. *David Buchan, Paris*


## France quits anti-missile project

France said yesterday it was pulling out of an international project to develop an anti-missile defence system, saying that for the moment it lacked sufficient defence funding to pursue the programme with the US, Germany and Italy. A framework agreement for the "medium extended air defence system" (Meads) was to have been signed by armaments directors of the four countries attending a Nato conference this week. But diplomats said yesterday that the agreement would now have to be re-drafted in the light of France's abstention. The Meads project, designed to produce 360-degree cover against ballistic missiles, was expected to cost FF1.85bn (\$36bn), almost equivalent to the entire French annual defence budget, with the US paying half, France and Germany 20 per cent each and Italy 10 per cent. *David Buchan, Paris*

## EU in scrap iron 'breakthrough'

The European Commission has persuaded Romania, Bulgaria and Poland to phase out export restrictions on ferrous scrap, a raw material vital for steel production. It has also persuaded the Slovak Republic to increase its export quota for scrap this year, and Russia to reduce its export tax on the product. As a result, an extra 735,000 tonnes of scrap will be released by the four eastern European countries, worth Ecu25m-Ecu35m (\$31m-\$44m) to the EU steel industry. The Commission said the deal was a "breakthrough" as export curbs depress local prices and enable exporting countries to sell steel products to the EU at artificially low cost. The deal is part of a requirement for eastern and central European countries with "association" agreements with the EU to remove export curbs ahead of possible EU membership. At the same time, the Commission said it was prolonging suspension of anti-dumping duties on erasable programmable read only memories (eproms) from Japan until April 1997, as a market downturn could lead to resumed dumping, even though dumping of cut-price eproms had currently ceased. *Neil Buckley, Brussels*

The future belongs to anyone who'll listen.




Let's make things better.

Maria Carla Stucchi, Customer Service, Italy.

When a company aims for continuous improvement, a Customer Service department is not just useful, it's essential.

It enables you to respond directly to customers' questions and needs. The objective being to build long-lasting personal relationships.

My name is Maria Carla Stucchi, and I'm in charge of Customer Service at Philips.



On average, my staff answer 400 hotline calls every day, bringing together the needs of the company with those of the customer. All that listening leads to understanding.

And understanding is the first step to improvement.

# PHILIPS

Minister jets off on mission to bolster...

Reforms agreed in Mexico



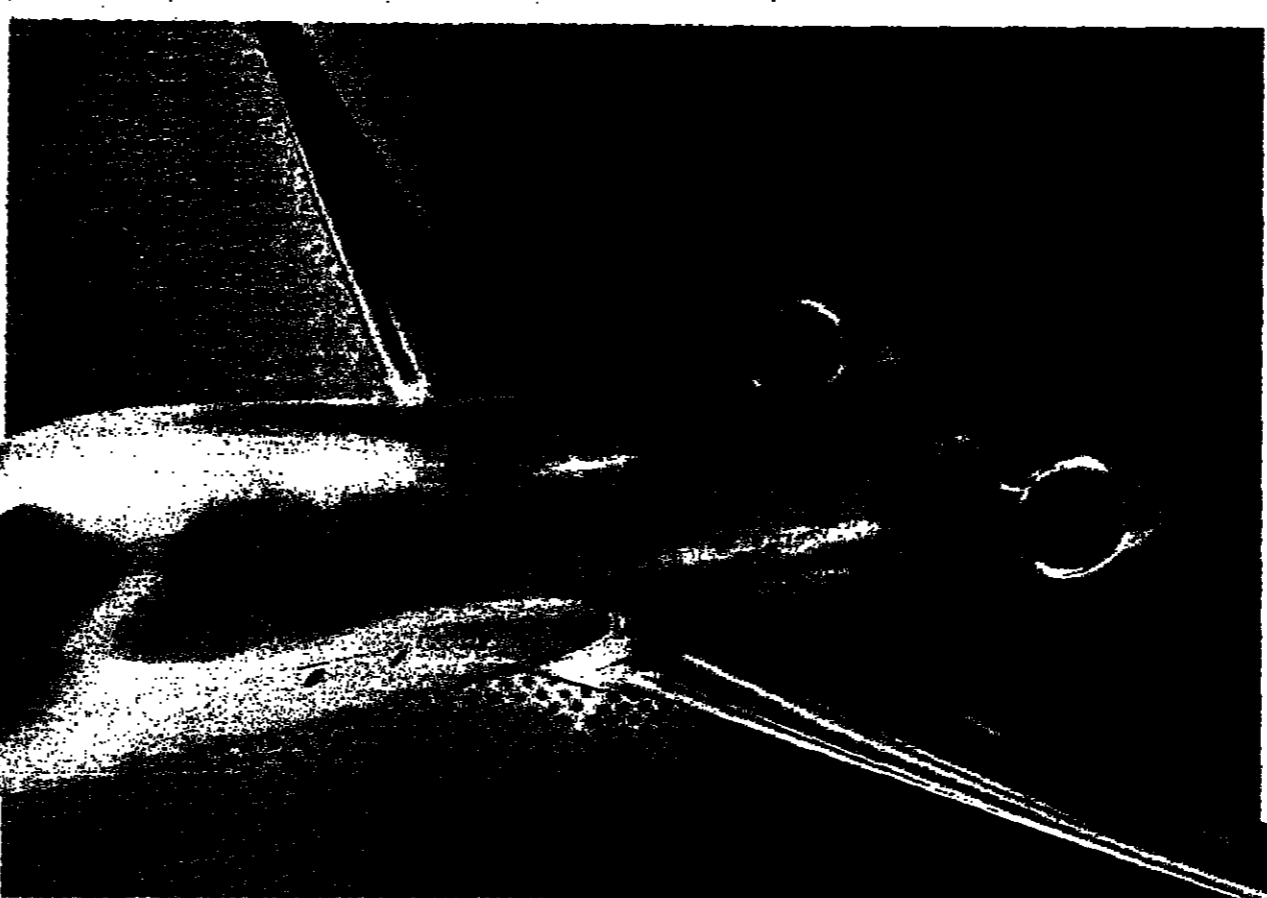
سكنا من الامل

# HOW THE GLOBAL EXPRESS REACHED NEAR SONIC SPEEDS IN UNDER 3 METRES.



John J. Lawson, President, Business Aircraft Division, Canadair

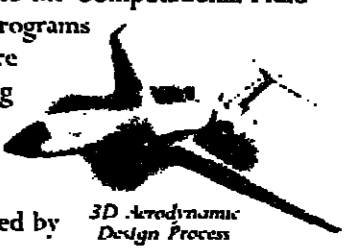
"We've designed the Global Express' business jet to give you the speed you need to reach any destination on earth faster than ever before. And in doing so, we've set standards for ourselves that take us beyond today into tomorrow."



Validating our near sonic speeds in Microcraft's 2.13 m x 2.13 m wind test tunnel from the results obtained from our computer programs.

### Perfecting The Design

Data established using CATIA technology was then electronically transferred to the Computational Fluid Dynamics programs (CFD) where models using over a million grid points were analysed by a supercomputer. This allowed us to accurately estimate drag and its effects on the performance of Global Express, and in so doing, helped us perfect the aircraft's aerodynamics before any metal was even cut. In essence, CFD has accelerated the aircraft's development process significantly by allowing many configurations to be tested computationally. As such, it reduced the amount of wind tunnel testing needed and made it possible to produce a superior design through more vigorous and effective optimisation.

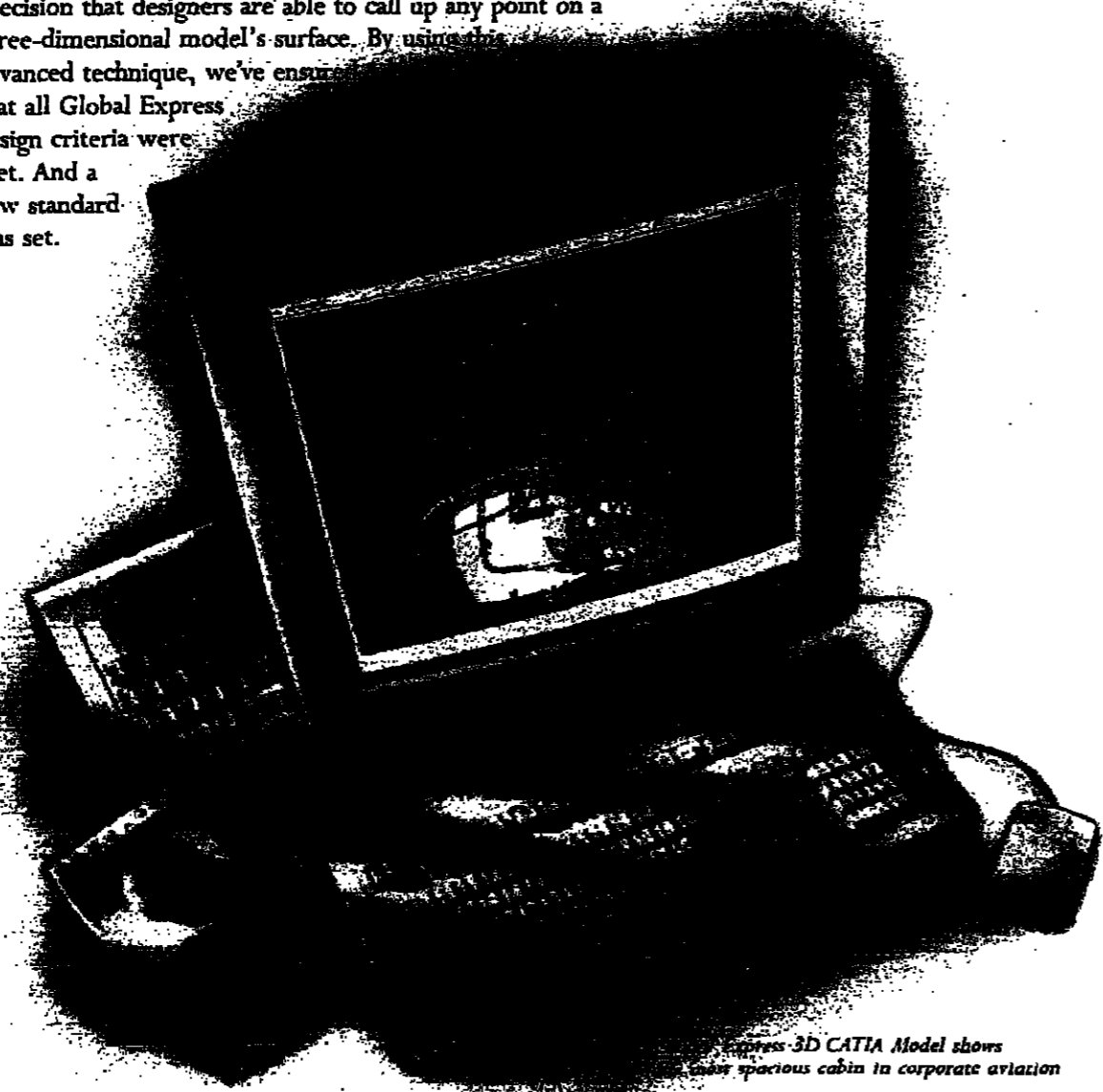


### WE STARTED WITH A CLEAN PAGE

Creating a business jet that will take you into the next century required reinventing the corporate aircraft itself. From day one, we set our design requirements to deliver an aircraft that offers ultra-long range at higher speeds from the shortest runways. One whose every system is designed to the same stringent safety standards that apply to the latest airline carriers. And most of all, a corporate aircraft that is outfitted with the widest, most spacious cabin in corporate aviation. So you can handle the rigours of global travel with greater ease.

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3D CATIA Model shows spacious cabin in corporate aviation

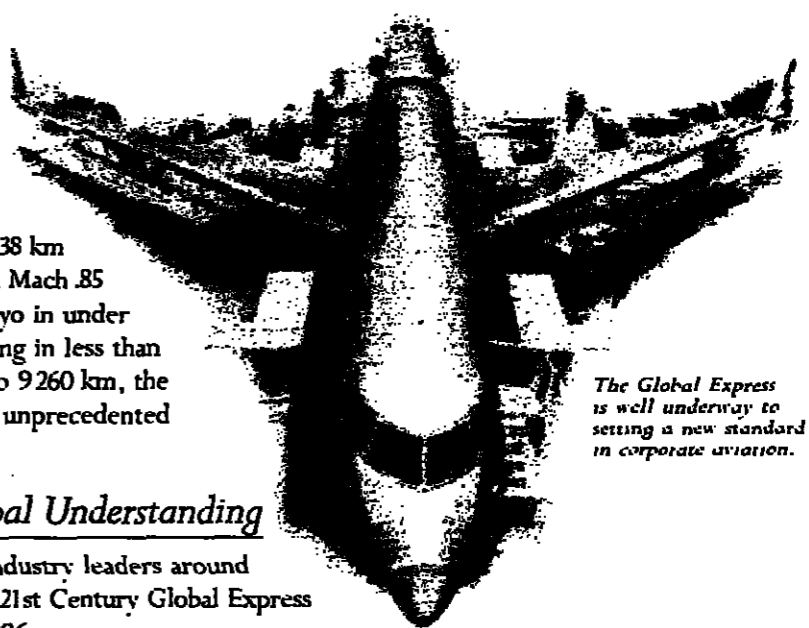
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# N Ireland peace process is launched

By James Harding in London

The British and Irish governments yesterday formally launched the Northern Ireland peace process with "guarded optimism" about a forthcoming restoration of the ceasefire by the IRA.

Mr Albert Reynolds, the Irish prime minister, suggested the IRA may wish to translate what he saw as a "de facto" ceasefire for the last two months into a full renunciation of violence.



British deputy prime minister, Michael Heseltine, is shown around a factory in Portadown, Northern Ireland, yesterday by Ulster Carpet Mills chairman, Edward Wilson.

before Sinn Féin, its political wing, can be admitted to the talks. He nevertheless signalled some leeway on the issue of decommissioning, by the use of the word "addressing".

Mr Martin McGuinness, Sinn Féin's chief negotiator, damped speculation of an immediate ceasefire. "If we can get rid of all the preconditions and have talks commencing and completed within an agreed time frame, then Sinn Féin is prepared to try again, but it's a massive challenge and it's going to be much more difficult this time around," he said.

ahead with the peace process regardless of whether Sinn Féin participates and yesterday's legislation is intended to pave the way for the election and then the talks. The government is aiming to rush through the legislation in the next ten days, to enable elections to go ahead on May 10.

# Plans for immigration changes attacked

Financial Times Reporters

The government's controversial Asylum and Immigration bill, will not meet its objectives, probably contravenes international law, and will do serious harm to British race relations, an independent investigation has concluded.

"not convinced" the bill would meet its objectives of cutting the rising tide of asylum seekers and illegal immigrants, it also warned that its implementation would have "dangerous implications" for race relations.

Labour seized on the report as confirmation of its claim that the bill was flawed, and promised to step up its campaign against the legislation in the House of Lords, the unelected upper house of parliament.

the bill's provisions to make employers liable if they are found to have hired illegal immigrants would be expensive to implement and have little chance of succeeding.

There are no official figures for the number of illegal immigrants in Britain, but estimates range from 20,000 to over a million. Last year nearly 44,000 people applied for asylum, compared to 33,000 in 1994.

# Funding for public projects criticised

By David Wighton in London

The government is in danger of losing control over public spending unless changes are made to the operation of the Private Finance Initiative, which aims to attract private capital into public projects, an influential committee of MPs has warned.

# Broadcasting bill 'anti-competitive'

By James Harding in London

The opposition Labour party yesterday launched a wide-ranging attack on the broadcasting bill, saying that its proposals represented a regulatory obstacle to the development of strong media companies.

# Names attempt to delay legal action

By Ralph Atkins, Insurance Correspondent

Leaders of Lloyd's groups acting in concert to litigate Lloyd's of London Names are hoping to win significant concessions from the insurance market after proposing the adjournment of an important legal action due to start today.

# UK-France contest for new bearings plant

By Peter Marsh in London

Timken, one of the world's biggest makers of industrial and automotive bearings, will decide soon between its plants in Northampton in the English Midlands and France for a \$6.6m (\$10m) investment to make a new kind of bearing for trucks that is claimed to cut fuel and maintenance costs.

# Soft drink name ban disallowed

By Charles Batchelor in London

Leading brewers and distillers have failed to ban the use of soft drink names such as lemonade and cola in their code of conduct on alcoholic soft drinks. The code published yesterday was prompted by concerns that alcoholic soft drinks such as Hooper's Hooch, launched last summer by Bass, might encourage drinking by teenagers under 18, the minimum age for purchasing alcohol in the UK.

# Unions expect greater powers under Labour

UK NEWS DIGEST

Britain's trade unions will expect to play a powerful role in the running of the economy if the Labour party wins the next general election, a senior union leader claims today.

# Chemical investments shift

By James Harding in London

The chemical industry's relocation outside the UK has been relentless during the 1990s. In spite of Britain's emphasis on flexible labour laws, and a recent Department of Trade and Industry initiative aimed at promoting north-east England as a chemical centre, manufacturers are voting with their assets.

# End of telecoms duopoly backed

By Alan Cane in London

Government plans to strip British Telecommunications and Mercury Communications of their exclusive right to provide international services out of the UK over their own networks are broadly approved by the majority of Britain's larger operators.

# Consumer online service launched

By James Harding in London

Europe Online, the multilingual consumer online service, launched its UK-based English language service yesterday with plans to challenge the US domination of the consumer online market in Britain by services such as CompuServe and America On Line.

# Komatsu increases model range

By James Harding in London

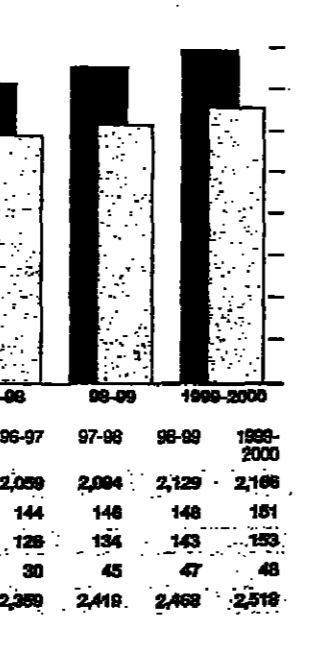
The UK manufacturing division of Komatsu, the Japanese construction machinery maker, is increasing its model range to include 45-tonne hydraulic excavators and plans to further expand into 65-tonne machines, it announced yesterday.

# Privatisation roadshow for Railtrack goes international

By Charles Batchelor in London

The Save our Railways pressure group yesterday launched a legal challenge to rail privatisation in an attempt to lift a ban on British Rail bidding for passenger train operating franchises.

# Looking down the line



The three senior directors of Railtrack, the British rail network which is to be privatised, start a four-week international "roadshow" to promote their company's shares to institutional investors today, secure in the knowledge that individual investor demand in the UK is likely to be strong.

More than 900,000 private investors have already registered an interest in acquiring Railtrack shares. Even if only 30 per cent to 50 per cent of these investors buy any - the pattern of previous privatisations - the company is unlikely to have any difficulty reaching its target of placing at least 30 per cent of its shares with the general public.

Private investors have been drawn by a combination of the incentives available to them and the appeal that an investment in the railway makes to the public's imagination. These will outweigh threats by the opposition Labour party to reassert state control, the company believes.

Railtrack, comprising track, signalling and stations from British Rail, is the largest single company to be formed under rail privatisation and the only one to be sold off by way of a market flotation.

Europe follows in week three while Asia-Pacific investors will be courted by means of video-conferencing links, saving the need for yet more long-distance travel.

Mr Clive Betts, one of the committee members from the opposition Labour party, said that the Treasury's recently announced changes to the operation of the PFI addressed only some of the criticisms.

"The one problem they have said they will tackle is that all schemes have had to go through the PFI process even if they are clearly unsuitable. This has both delayed important projects and wasted private-sector companies' time."

He added that while the Treasury has said it was working on a system of monitoring PFI commitments it was "incredible" it had not been in place from the start.

Large advertisement for Guinness featuring a bottle and the text 'IT'S THE KING OF IMPRESSIONS'.

Handwritten Arabic text: صكتنا من الامل



A survey of the green elements of company reports and accounts reveals that many suffer from the lack of standard measurement, says Jim Kelly

# Could try harder

Annual reports and accounts are crowded documents. Whether environmental reporting can survive the competition for space in the coming years largely depends on how useful the data are to those who read accounts and rely on the figures.

A comprehensive survey\* of more than 600 UK companies' annual reports, published today by the Edinburgh-based financial reporting monitor Company Reporting, indicates that while there has been an "explosion" in such information it is still not necessarily useful. These results follow the recent publication of a proposal by Britain's top companies that business adopt a code of practice on environmental reporting. The Advisory Committee on Business and the Environment, the body of senior business figures that advises the government on environmental matters, says this would greatly improve understanding and the use of environmental information by the financial markets.

The survey undertaken by Company Reporting - on annual reports filed in 1995 - provides a wealth of evidence to support the need for an environmental reporting code. "There is no inherent discipline in environmental reporting," conclude the authors. "The disclosures are a free-for-all of statements, percentages, volumes and monetary figures, no doubt carefully selected but not necessarily enabling comparisons among companies or even within companies."

A striking example of this problem is evaluating how much companies spend on environmental protection. These figures are difficult to find - often for laudable reasons. Shell, one of the companies surveyed, illustrates the point, reporting that: "The costs of prevention, control, abatement or elimination of releases into the air and water and disposal and handling of wastes at operating facilities are considered to be an ordinary part of carrying on business..." They are therefore not accounted for separately.

The 600-plus companies surveyed, including all the FT-SE 100, reveal many types of environmental disclosure. While 29 per cent of the sample made environmental disclosures only 18 per cent made "substantive" statements - including specific data. But 14 per cent, while setting targets, did not quantify them. Just

2 per cent of companies quantified targets in non-monetary terms - including companies such as Courtaulds, Imperial Chemical Industries, Marks & Spencer, Tesco and Scottish Power. Just 1 per cent used monetary targets - British Polythene Industries, CAMAS, the aggregates company, Hanson, T&N, and Transport Development.

Specific, useful environmental data are extremely rare. ICI and Yorkshire Water were the only companies to give details of punitive costs related to environmental accidents. Shell, Thorn EMI and Yorkshire Water were alone in quantifying environmental liabilities.

## Out on a limb

Nearly one in four FT-SE 100 companies publishes a separate "green" report - a growing trend among leading companies which recognise the impact their businesses have on the environment. Most explain why the report is needed. The chief executive of BAA, for example, says: "With seven airports that account for 73 per cent of the UK's passenger air traffic and 83 per cent of air cargo, ours is a complex business. Our operations... can affect the environment in many different ways."

While most such reports give data on the big issues - pollution, use of the landscape, global warming, waste and recycling - Company Reporting's survey reveals many other types of disclosure. For example, 5 per cent of the sample discussed the use of live animals in testing programmes, and 14 per cent the effect of their activities on the quality of the public water supply.

More than four out of 10 bold users of the report - which can include a wide range of interested parties beyond the shareholders - about the visual impact of building programmes on the landscape or townscape. And nearly half the sample looked at the noise generated by business operations.

Such reports, when comprehensive, give users an insight into the environmental risks taken by a company - and the risks society faces as a result of the business. This fits a growing trend in which financial reporting aids general risk management.

British Gas, British Petroleum and Shell were among the handful of companies which quantified contingent environmental liabilities. Just 6 per cent of the sample mentioned environmental audits - and only 1 per cent published the results of such audits. The companies leading disclosure in this area were BICC, Coats Viyella, Courtaulds Textiles, Geest, HP Bulmer, John Laing, Laporte, Redland and Reexam. Among companies mentioning staff training in environmental issues, the field was again taken by a few companies including Blue Cir-

cle Industries, Coats Viyella, Ford Motor, General Electric Company, Lucas Industries, RMC, Redland, SmithKline Beecham, Unilever and Zeneca.

One group of companies, about 11 per cent of the overall sample, makes only a general disclosure on environmental issues. While this puts them ahead of the 71 per cent which say nothing at all on the subject, the usefulness of such disclosures is limited. Sometimes there is just a brief mention of the environment and sometimes a long theoretical discussion but no facts about the company itself. There is further variability in the

harmful substances.

The building materials and merchants and engineering sectors give the most substantive statements on the environment. Those in the oil and gas industries show a greater tendency to disclose the costs and provisions linked to environmental protection - not surprising, given their high media profile.

"The picture being formed is that companies in all lines of business can find justifiable reasons for environmental protection activity," say the report's authors. The assertion of many companies taking part in the survey that the environment was "not applicable" was hard for the authors to accept.

Disclosures were listed in the banking sector (on the sourcing of sustainable paper supplies), as well as media, leisure, telecommunications and transport sectors.

The curve of variability also afflicts the increasing number of separate environmental reports. Within the sample of about 100 companies, nearly 50 do this now or plan to do it in the near future but 12 of these turn out to be one- to four-page supplements containing no more than would normally appear in the annual report.

The rest have plenty of space to give a wide range of data and the reports surveyed disclose up to 24 types of information - with an average of 11 covered by each. But again there are disappointments in terms of the rigour of the data - only 25 per cent compare their performance with pre-set targets.

If users of accounts are looking for assurance that the figures included in such reports are correct they will have to look hard. Of this sample of special reports published separately from the annual report and accounts, only 26 per cent mention an external audit or verification of the information.

Because of the lack of historical data, for companies or - more important - for sectors, meaningful comparisons are rare. "Until such times as environmental reporting has matured to the stage where there is a substantial amount of historical information and a free flow of information on environmental matters the usefulness of any information is limited."

\*Available from Company Reporting, 63 Dundas Street, Edinburgh, EH3 6QZ. Price £150. Tel: 0131-558 1400.

### Separate environmental reports

Publication issued within last 12 months

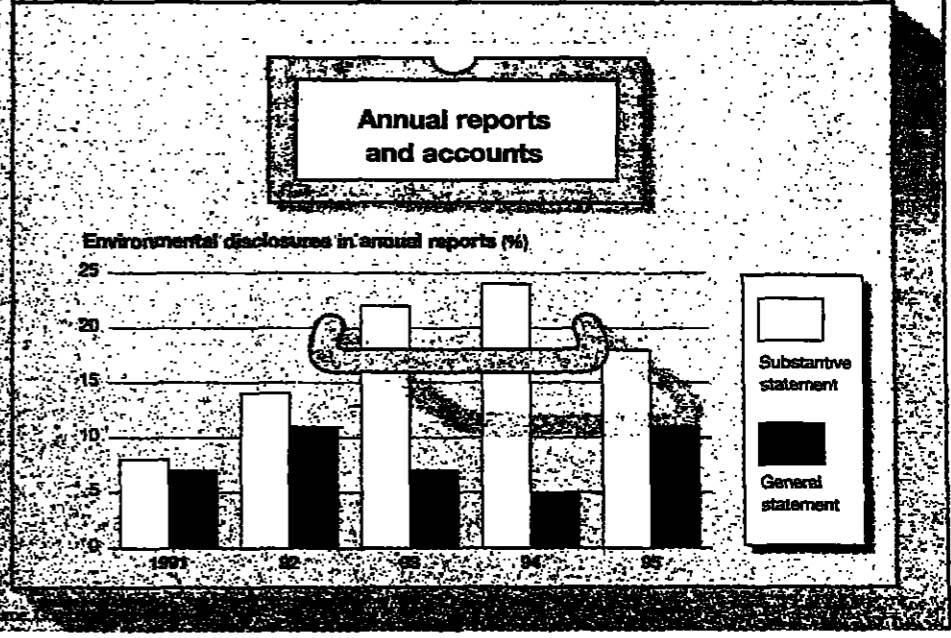
Allied Domecq, Argos, Argyll, BAA, BOC, Barclays, Body Shop, British Airways, British Gas, British Petroleum, British Steel, British Telecommunications, Cable and Wireless, Cadbury Schweppes, Courtaulds, East Midlands Electricity, Enterprise Oil, Glaxo Wellcome, Guinness, Imperial Chemical Industries, Land Securities, Lloyds TSB, Midlands Electricity, National Power, National Westminster Bank, Northumbrian Water, Peninsular and Orient Steam Navigation, Pilkington, PowerGen, Rank Xerox, Reckitt & Colman, Redland, Scottish Nuclear, Severn Trent, Shanks & McEwan, Sun Alliance, Thames Water, Thorn EMI, United Utilities, Vodafone, Yorkshire Electricity, Yorkshire Water

Publication not issued in last 12 months but planned for 1996

Abbey National, Boots, Marks and Spencer, National Grid, Northern Electric, Reexam, Scottish Power

FT-SE 100 companies for which no publication issued in last 12 months or planned for 1996

St. Aelia, Associated British Foods, BAT Industries, BTR, Bank of Scotland, Bass, Blue Circle Industries, British Aerospace, British Sky Broadcasting, British Steel, Burton, Canton Communications, Commercial Union, Grand Cookson, Dixons, GKN, General Stores, Greenalls, Guardian Royal Exchange, Metropolitan, Great Universal Stores, Greenalls, Legal & General, HSBC, Hanson, J Sainsbury, Kingfisher, Lashco, Ladbrokes, Legal & General, Mercury Asset Management, Pearson, Prudential, RMC, RTZ, Rank Organisation, Reed International, Rentokil, Reuters, Rolls-Royce, Royal Bank of Scotland, Royal Insurance, Schroders, Scottish & Newcastle, Shell Transport & Trading, Siebe, Smith & Nephew, SmithKline Beecham, Smiths Industries, Southern Electric, Standard Chartered, T. Tate & Lyle, Tesco, Tomkins, Unilever, Whitbread, Williams, Wolsley, Zeneca



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# THE HUMBER ESTUARY

## Geography bolstered by economics

One of England's more peripheral areas has suddenly gained a new central role astride the European Union's northern trade routes, writes Peter Martin

From the railway line, travellers to Hull find their view overwhelmed by the Humber river: silver-grey, misty, broad, empty. It is the striking feature of an otherwise unremarkable landscape, yet the towns along its banks have turned their backs on its symbolic unifying potential.

The two-decade-old attempt to create an administrative entity - Humberside - to reflect what to outsiders must have seemed the economic logic of the region was formally laid to rest earlier this month. Like the under-used bridge that links the north and south banks of the river, the county of Humberside won little enthusiasm from its citizens. Now, they are again divided up among smaller administrative bodies which reflect the historical split between north-bank Yorkshire and south-bank Lincolnshire and the civic independence of Kingston upon Hull.

No administrative reorganisation can undo the central fact of the region's modern geography, however. The river that lies at its heart points directly at Britain's principal trading partners, the markets of northern and central Europe.

From being one of England's most isolated regions, Humberside has suddenly acquired a new central role - not so much within Britain itself but astride the northern trade routes of the European Union. The productivity revolution in its ports since the abolition of the National Dock Labour Scheme in 1988; the fast, empty roads along the estuary and across to the English heartland; the air cargo links to KLM's airfreight hub in Amsterdam - all these give Humberside a definite advantage in serving European markets.

Through the port of Immingham, Ciba's Grimsby plant can ship its pharmaceutical ingredients to central Europe in 12 hours and to Basle, the group's headquarters, in 20. If Darby Group in Scunthorpe - which makes specialised architectural glass, such as the side-walls of department-store escalators - gets an urgent order on Friday lunchtime, it can have custom-made glass panels on-site in northern Germany by the time construction work starts on Monday morning.

Taking advantage of these easy connections means drawing on such characteristics of the 1990s British economy as low labour costs, flexibility and rising productivity, all well represented on Humberside. It also means tackling the endemic national problems - poor education, for example - which exist here with a particular regional twist. One big local employer says that in Hull, at least, there is a cultural reluctance among male teenagers to take school-work seriously, an attitude that perhaps has its roots in the inherited memories of easy access to unskilled work in docks and fisheries. Those jobs are - mostly - gone, but their legacy is an instinctive preference for the male world of physical activity and a mistrust of the education that these days is an essential qualification for access to work.

The regional economy is no longer dominated by traditional industries nor by the now departed handful of big employers, such as British

Steel at Scunthorpe. Instead, there is a wider mix of activities, though two or three industries stand out. These include chemicals, pharmaceuticals and their related support services; food processing (including the fish handling which survives the loss of the fishing fleet itself); light engineering; and regional service businesses including retailing and transport. White-collar service industries play little role in the Humberside region: companies that need lawyers, accountants and serious banking skills go to Leeds or London.

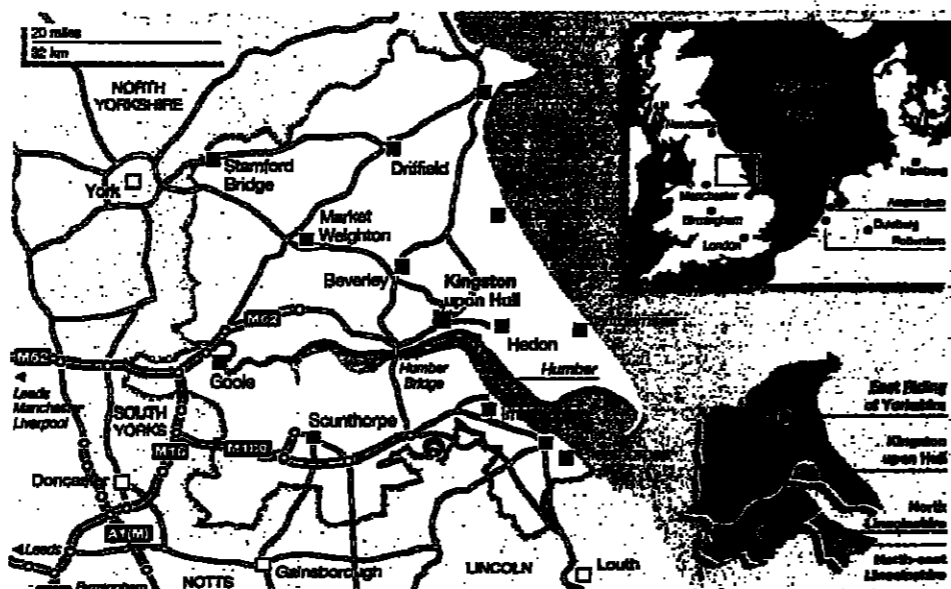
The chemicals plants have been greatly helped by geography: the south bank of the Humber, traditional farming country, has had little in the way of housing development. So a big strip of land along the estuary, has been reserved for chemicals or pharmaceutical operations, with few houses nearby. This greatly eases the task of getting planning permission for new developments.

The strip now contains companies such as Ciba, Conoco, Courtaulds, Allied Colloids and Tioxide. There are two electricity generating operations, owned by PowerGen and the new independent, Humber Power. Across the river, there is BP. "This region hasn't been given, nationally, the credit it deserves for its rapid industrial growth," says the boss of one of these plants. Attention is

usually focused on such better-known regional centres as Runcorn or Teesside, he says; but the Humber deserves it just as much. The local council has offered an understanding home to such businesses, and the process of getting the necessary permissions, though not always trouble-free, has at least been swift - a marked contrast to practices elsewhere in Europe. It remains to be seen whether the new pattern of local government is able to offer the same advantages.

The industry is building up the infrastructure of specialist independent craftsmen needed for maintenance and repairs in process engineering plants, though they are still in shorter supply than in more established homes of the chemical industry further north. Locally hired staff are usually in the semi-skilled grades, or are trained up to the skills necessary for running the plants. For the more specialised jobs - plant managers, chemists, engineers - employers turn to the national market.

Though it is sometimes difficult to persuade people to move to an area seen as isolated, the quality of life is good and middle-class housing very cheap, so retaining labour is easy. Companies with their head offices in the region - such as Northern Foods; Bemrose, the calendar and business gifts specialists; or Cattles, the consumer credit lender - do not find the location a particular



Grimsby's new fish market is the most modern in the world



Grimsby's new fish market is the most modern in the world

THE RIVER AND ITS PORTS: by Ian Hamilton Fazey

## Busier than the Thames

A mixture of factors have quietly made the Humber estuary ports the busiest in Britain

Almost without being noticed, the Humber has become Britain's busiest trading estuary. Dennis Dunn, a director of Associated British Ports, who is in charge of the north-east Lincolnshire ports of Grimsby and Immingham, puts the estuary's total throughput now at about 68m tonnes a year.

The bulk goes through ABP's four Humber ports and the rest is accounted for by independently owned river wharves. The total, Mr Dunn says, is slightly ahead of the Thames estuary, previously the busiest, and is likely to continue to grow.

Moreover, growth seems to have been little affected by the Channel Tunnel. According to Mike Fell, director of ABP's Hull: "The channel tunnel has taken some longer distance traffic to southern European destinations such as Italy, but its main effect has been to depress freight rates on the short haul routes. But the tunnel has limited capacity and, once it is full, prices will rise again."

Geography and economics account for the Humber's surging fortunes. As Mr Dunn says: "It is as far north as you can get for reliable overnight crossings to all the main north European ports. What then decides where a lot of our business goes is inland distribution costs compared with ports in southern England."

Tachograph-monitored restrictions on truck drivers' hours have also made the road networks on each side of the North Sea critical. Thanks to dual carriageways and motorways, Hull, Grimsby and Immingham are all about an hour from the junctions of the A1 and M1 with the M62. Goole - ABP's fourth Humber port - is even better placed because it is 50 miles from the mouth of the Humber at the junction of the M62 and M18 motorways.

On the European mainland, Rotterdam - with its road, rail and inland waterway connections to the heart of the continent - remains the Humber's most important destination, although sailings are also com-

mon to Scandinavia, the Baltic and Hamburg.

Hull's port shows the impact dramatically. It has more than doubled its throughput to more than 10m tonnes of freight a year in the last 10 years, with 94 per cent of its trade with EU countries and 82 per cent of it utilised as containers or trailers, and Rotterdam the main destination.

Immingham's role is as the Humber's bulk workhorse, accounting for nearly 45m tonnes of cargoes such as oil, grain and chemicals. Growth appears phenomenal - from 7m tonnes in 1964, before Britain joined the EU, and 28m tonnes in 1995.

The changing nature of goods traded has also driven growth. Goole's old record was in 1961, when it exported 1.6m tonnes of coal. "We had our best year for 35 years last year, with 2.3m tonnes handled,"

says Colin Silvester, the port manager. "Not a single tonne of coal was exported." Today's traffic is timber, whisky, paper, steel and Renault cars. One shipper sails his vessels between Goole and Duisburg, offering short inland haulage at each end into UK and Germany.

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with a refreshed economic role. The task now is to retain the sense of regional unity which the old council helped to foster while gaining efficiency and greater local responsiveness from the new, more focused councils.

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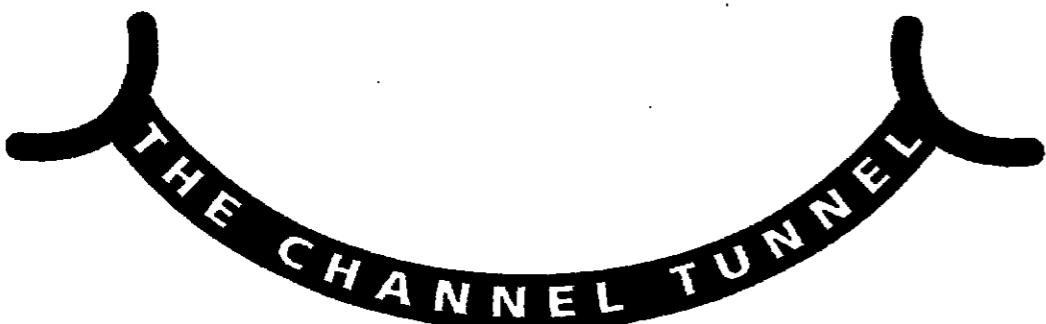
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Immingham's role is as the Humber's bulk workhorse, accounting for nearly 45m tonnes of cargoes such as oil, grain and chemicals. Growth appears phenomenal - from 7m tonnes in 1964, before Britain joined the EU, and 28m tonnes in 1995.

The changing nature of goods traded has also driven growth. Goole's old record was in 1961, when it exported 1.6m tonnes of coal. "We had our best year for 35 years last year, with 2.3m tonnes handled,"

says Colin Silvester, the port manager. "Not a single tonne of coal was exported." Today's traffic is timber, whisky, paper, steel and Renault cars. One shipper sails his vessels between Goole and Duisburg, offering short inland haulage at each end into UK and Germany.

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**THE HUMBER ESTUARY**

**LOCAL GOVERNMENT:** by Ian Hamilton Fazzy

# Artificial county scrapped

**Older local loyalties have been strengthened by the abolition of Humberside**

When Amanda Spalding moved from Sheffield to become Humberside's head of economic development in 1994, she says she could not believe the lack of co-operation.

Humberside had been recommended for abolition by the government's local government commission and its supporters were fighting to save it. Politicians in the other camp were fighting equally hard to ensure the county was broken up into smaller local authorities.

In the end, the abolitionists won, helped by strong popular feeling. Humberside was an artificial creation which arose from Britain's local government reorganisation of 1974. On the north bank of the Humber, it had removed natural

born Tykes from Yorkshire. Yellow Belles - as their opposite numbers on the south shore were called by the Tykes - were cut out of their native Lincolnshire.

On April 1, Humberside was abolished and replaced by four new councils: Kingston upon Hull and the East Riding of Yorkshire on the north bank; North Lincolnshire and North-East Lincolnshire on the south.

Kingston upon Hull used to be a county borough in its own right before 1974, so the change represented virtually a return to old times - a city of about 270,000 people. East Riding, however, is not the East Riding of the Yorkshire of old. Its boundary runs westward from Flamborough Head and Bridlington to Stamford Bridge, the battlefield five miles from York.

It then swings south to take in Goole, which used to be in the pre-1974 West Riding, to form a vast local authority, home to 302,000 people widely

spread through 20 towns or villages.

On the south bank, Grimsby and Cleethorpes - which 10 years ago were fierce opponents of each other as district councils within Humberside - have merged into a 165,000-strong community and form the bulk of North-east Lincolnshire.

North Lincolnshire, its neighbour to the west, is based mainly on the steelmaking town of Scunthorpe but is spreading its staff through several villages to try to pull its 150,000 people together.

The widespread, and previously pent-up desire to escape from Humberside is bound to have an impact on the way in which the new authorities conduct operations in their first years. Hints came within hours of their formation on April 1 when East Riding's economic development, marketing and tourism committee met at Beverley, Humberside's former county town.

Yorkshire TV filmed the new

councillors toasting East Riding - in local mineral water from the Yorkshire wolds, of course. Mrs Diana Wallis, the chairman, made encouraging comments about being closer to the people and improving everyone's quality of life.

However, the meeting deferred a decision on contributing to a business advice agency in Hull so that it could ponder whether it might help people in Hull - even though the agency's remit covered a travel to work area that included East Riding.

Feelings can run high on such issues. The people of Cottingham, Wilberby and Heales on Hull's western boundary were glad to be delivered from Humberside but certainly did not want to be handed over to Hull.

More than 800 of them packed into Baltempres sports centre to make their feelings known when the issue came up for consultation.



On Cleethorpes sands: teaming up with Grimsby. Picture: Tony Andrews

"Everybody expected the government to do the sensible thing and extend Hull's boundaries to include a natural Conservative area. They didn't," says Steve Scully, who has transferred from heading infor-

the city which also straddles the divide.

Mr Scully admits these anomalies will have to be sorted out, but believes no large changes are likely, even though a new Parliamentary constituency is going to have a presence in each new north bank authority. "What will happen in the short term is that we all turn our backs on each other for a while. When the dust has settled, we will start working together," he adds.

Most think it will take about 18 months for each council's urge for self-assertion to be worked out. However, Ms Spalding, who is now North Lincolnshire's director of development and environment, believes co-operation between the new councils will be better than with the former county.

"The question now is how to preserve estuarial unity on the development of trade and inward investment, which remain our big problems. We all need a more diverse economy. There has been £700m spent on road infrastructure in the last 15 years. In some ways it is too good because too much goes whizzing straight through from the ports."

Chris Haskins, chairman of Northern Foods, thinks Humberside county council at least did a good job on strategic development and made the Humber estuary an economic entity. "As far as Europe is concerned, the Humber is Britain's northern gateway," he says. The old county pro-

vided this and many in the private sector are worried that the momentum the county achieved will be lost.

Ms Spalding says all the new local authorities are alive to this and she points out that some bodies not controlled by the defunct county council will continue. The most important of these are Humberside training and enterprise council and Hull and East Riding chamber of commerce.

The most important new institution in promoting the sub-regional economy will be the Humber Forum, a company limited by guarantee and the successor to a partnership between public and private sectors which originally developed the "Gateway to Europe" concept for the estuary. The forum's members are the four local authorities and the Tec, with associate status being given to the Confederation of British Industry, the Institute of Directors, all local chambers of commerce, shipping and trade, as well as the government office for Yorkshire and Humberside.

The abolition of Humberside as a county has brought about a fragmentation that may be good for local politics but may not help in terms of seeing Britain's main northern trading gateway within a broader European economic perspective. "The critical concept in terms of trade and economic development is that the Humber unites, rather than divides us. We have to hang on to that," says Ms Spalding.

**GRIMSBY AND FISH:** by Ian Hamilton Fazzy

# Catch 22 situation

**A large new market hall has been built. But it will deal mostly in fish landed elsewhere**

It is soon after dawn. The fish have been laid out in large boxes - plastic these days, not the traditional wood. At the appointed hour, small groups of buyers in white overalls, coats and hats stop their inspections and converge on the two auctioneers, each standing by a cluster of boxes for sale.

The auctioneers call their first prices and the hubbub of Grimsby's daily fish auction begins.

Nods and winks are rare. More likely, a buyer will stand beside or near the auctioneer to tap his ankle with a foot, to tug a sleeve, or to whisper through cupped hands that a certain price will do. The deal is struck and noted, the buyer pulls paper sheets bearing his name from his pocket and scatters them like confetti over his purchases.

The auctioneer and his attendant crowd of would-be customers move on to the next cluster of boxes.

With the UK fishing industry supposedly in crisis because of conservation pressures on the size of catches and because of EU quotas, this hive of commerce and industry is a surprise. So is the auction hall, a new 80,000 sq ft, L-shaped shed, 236 metres long on its largest dimension by 25 metres wide, and the most modern in the world.

Auctions started there on February 29 but it will not be opened officially until next month.

Grimsby's survival as a top fishing port - and its ambitions to remain one - rest on these new buildings. Yet, fish caught by the port's fishermen will play only a small role in the process.

The outside of the long part of the L-shaped hall does open on to Grimsby's famous fish dock, which could once be tra-

versed on foot across the decks of tightly packed vessels. But now it is mainly open water, and much of the fish sold in the market comes overland from Scottish or Cornish ports.

The shape of the auction hall allows optimum access for refrigerated trucks on its landward sides. This is where an increasing amount of fish are brought to the market.

The hall shows why Grimsby has a future in fishing where six years ago it had none. It represents a marketing vision: Grimsby had to be in fish rather than fishing. Luckily, the port had almost everything it needed to make the vision a reality - fishermen, auctioneers, merchants, salespeople, dock services, ship repairers, food processors, refrigerated cold stores, and a century and

**The old fish market used to be called Pneumonia**

a half of commercial culture and tradition.

The problem was that the industry - which employs about 7,000 directly in and around the town, with another 20,000 indirectly dependent - was fragmented into often competing groups. The buildings housing the old fish market were old and incapable of meeting ever-higher hygiene standards. They were due to be shut down, killing the industry in the town.

Led by Mr Frank Fear, the founder of Binecrest Foods, all sectors of the industry united to form Grimsby Fish Dock Enterprises. The ministry of agriculture, fisheries and food funded a feasibility study which helped to trigger EU grants of \$5.8m and UK government help totalling \$4.8m. Grimsby borough council lent \$1.6m and Associated British Ports offered another \$1m, if needed. The industry chipped

in \$400,000, in the form of £20,000 each from 20 shareholders in the new company.

Even so, the venture nearly failed because another £2.2m was needed and the banks were reluctant to lend. However, after a year's struggle, Mr Derek Young, the accountant to the Grimsby Fish Merchants' Association and now the new company's finance director, obtained a £1.6m loan from the Public Works Loan Board and work began two years ago.

It involved reclaiming nine acres of land from the fish dock and building the new market on it. The old market continued to operate, but under a derogation order which stayed execution while the new premises were under construction.

The town, however, had got its marketing package together and this was already paying off. In 1990 there was a 7 per cent increase in the 518,000 50kg boxes sold at Grimsby compared with the year before. The 1994 rise was 12 per cent and last year's 30 per cent. The new company, which gets its income by derogating on the market's users, had enough cash flow not to have to take up ABP's loan offer. NatWest snapped it up as a customer.

The prospect now is of further growth because the new market is already attracting larger numbers of fishing vessels from further away, as well as greater quantities of fish which have been landed elsewhere but hauled overland to Grimsby in search of higher prices.

"Working conditions have also improved: fish markets are always cold but the doors of Grimsby's new one can be shut against the weather. 'The old market used to be called Pneumonia, because that's what you caught if you worked there too long,' says Mr Roger Smith, the fish dock manager. "Now we have a very good atmosphere to work in. It is already making a difference."

**HULL:** by Ian Hamilton Fazzy

# Blessed with strategic assets

**Hull is well placed to exploit its position on the trans-Pennine corridor to Europe**

Chris Haskins, chairman of Northern Foods, sums up the importance of Hull: "In a Europe driven by thriving cities, Hull is the Humber's city. It is the main centre for industry and commerce and is the shopping city for the region," he says.

Hull - or to give it its official title, Kingston upon Hull - is naturally well-placed to exploit its position as the Humber's focal point. To add impetus, it has recruited 13 marketing staff from the defunct Humberside county to run its economic development agency and has adopted an outward-looking stance.

According to John North, the new head of economic development, "Hull's is a key location on the axis linking the Trans-pennine corridor with northern and central Europe. The European concept of a port as a trading area is part of our vision for Hull. We hope to use the success of the port to bring in inward investment. If you are sited here, you can catch a ship in the evening and deliver a full day's production to the heart of the Ruhr by noon the next day."

Mark Jones, the agency's marketing chief, says a city is much easier to promote than a region because of the tighter focus. "Also, the very name of Humberside did not help," he adds. "One potential investor told me it was automatically equated with declining or struggling areas."

Hull, however, has its difficulties. Overall unemployment at 11.8 per cent is two points worse than the national average and there are pockets where the figure rises to 25 per cent. On the other hand, the city suffers from a tightly drawn boundary well inside its travel-to-work area. With many of its professionals and better-off workers living outside Hull,

the city punches much more than the weight provided by a population of only 270,000 people.

As Ian Crookham, Hull's chief executive, puts it: "Structurally, we are a very odd city. We don't have many leafy suburbs, but we are the natural focus for the region. Moreover, unlike most other old cities, our population is not only stable but increasing slightly. We also have the best of both worlds. Where we need to, we can concentrate on estuarial issues, with no delay through having to go through county structures, while we can also maintain a vigorous local stance."

The latter approach has helped to win urban regeneration funding from the government worth £38m and to build a good working partnership with the local private and university sectors. The city centre and waterfront look good. Bellway, the housebuilder, has brought hundreds of people into the heart of the city in one impressive project that has reclaimed more than a mile of waterfront.

Barrie Matterson, the city's regeneration manager, says the next phase will be the River Hull corridor, which runs north from near the Guildhall. Plans include a barrage to control water level and to improve access by ships.

Hull's chances will depend largely on developing its partnership with a private sector that includes such corporate giants as ABP, Smith & Nephew, Northern Foods, Reckitt & Colman and Seven Seas.

Key sectors which Mr North and Mr Jones will therefore target include food and food processing, health care, telecoms, engineering, the port, and speciality chemicals.

There is a shortage of development sites, however, with two of about 150 acres the most exploitable. Medium-sized inward investments - offering more encouragement for home-grown small and medium-sized enterprises - look like being the most practicable to aim for.

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## Geography and economics

Continued from facing page

Goole is being managing a steady £2m a year since 1991 on items such as new hard areas for heavy vehicles, sheds and cranes. Hull is planning to increase its one floating berth in the Humber - which allows later sailing times for roll-on, roll-off vessels, which do not have to lock in and out of the docks -

to eight, and has been increasing ro-ro and lift-off capacity within the docks to help build markets.

Meanwhile, even Hull's traditional fish trade has been doing well, with no competitive fears about the reviving fortunes of Grimsby: Hull's market takes bigger vessels from further afield and is more concerned with bulk sales for local processing.

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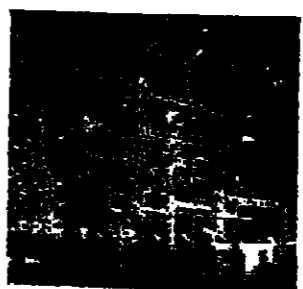
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ARTS

Television in Italy/Robert Graham

'All's fair' in the election war

Italian television during election time is conditioned by a single Latin phrase, par condicio. Literally meaning equal conditions for all, the phrase is short-hand for the political parties being given a fair share of media access.

The anomaly persists of Berlusconi being a major political actor and owning three TV channels which control 45 per cent of the national audience. His appointees still run the RAI, the state broadcasting organisation.

The regulations are so absurdly strict that 90 per cent of all political debate on television has been emasculated in the name of fairness. Indeed, there is something highly perverse about a political system which allows lively debate in the media at all times - save precisely that moment when the electorate needs to have issues placed clearly

before them so they can choose whom to vote for. Unfortunately in a country where TV is the medium for political messages, no one is prepared to leave coverage to common sense or an informal set of guidelines.

As a result the RAI, which has just over 50 per cent of the national audience, has found itself obliged to make a formal pact with the political parties on the number and nature of election programmes. Basically these have been limited to one interview/debate slot per channel no more than three times a week.

With each of the two main political alliances containing as many as seven different parties within each alliance, the problem is how to accommodate "fairly" so many actors. Matters of fairness are further complicated by two important small parties which are not formally attached to either alliance.

Invariably political correctness has triumphed over audience satisfaction. Most election programmes, no matter what the formula, have had to accommodate a huge cast - with chaotic consequences. No self-respecting Italian politician will let a rival talk without interruption.

The politicians seem convinced that loudness is equated with conviction and length with intelligence and

grasp of one's material. Those politicians who are unwise enough to express themselves succinctly leave the impression of being scared of talking and being at a loss for words. Meanwhile the programme moderator/presenter only has limited authority and is frequently caught between a cross-fire of warring words, helplessly waving a clip-board full of muted questions.

Not surprisingly these programmes are long by Anglo-Saxon viewing standards. Nothing lasts less than two hours, some stretch to three with interviewees and politicians showing amazing stamina, often stuck in cramped studios.

The viewer has eight national channels to choose from - three RAI, three Berlusconi's Fininvest, and since last year two small ones owned by film impresario Vittorio Cecchi Gori. The big audience programmes with the main political players are on RAI Uno and Tre, and Fininvest's TGS. The plethora of channels means one can sometimes find the same politician simultaneously on different talk-shows.

The flagship RAI Uno has seen Forza e Fortis (Door to Door) hosted by Bruno Vespa, using the idea of a group of guests invited to an elegant home to sit down and chat in

comfortable arm chairs. Vespa, a veteran TV journalist, is a suave performer who uses an ingratiating tone to put even the toughest of questions. But he never pushes the politicians too far, leaving the impression that he and his interviewees are all part of the same establishment club.

More aggressive is Lucia Annunziata running her Linea Tre (Line on Three) on RAI Tre, the state channel traditionally controlled by the left and sarcastically labelled Teleclub by its enemies on the right. Annunziata is a print journalist recruited to run an interview programme interspersed with viewers' phoned-in questions. For the elections, the phone-in part has been suppressed for fear of offending the par condicio.

Also to accommodate the principle of fairness she agreed to have a veritable 11-a-side football style confrontation between the heavyweights in the centre-left and right-wing alliances. The Independent Northern League also had a representative who was obliged towards the end of nearly two hours in silence to jump up and demand to be heard. Very little blood was drawn in this encounter, a few insults were traded and little real debate was in evidence. Everyone seemed over-rehearsed and so afraid of putting a foot wrong so that the

programme was bland to the point of tedium.

On Berlusconi's TG5 Enrico Mentana, the main TV anchorman, has not felt so fettered by the need to invite everyone. He has thus been able to set up a series of more individualised interviews or debates between two politicians. Mentana manages to be scrupulously fair and has an enthusiastic boyishness about his questioning. Indeed it is a shame that his election specials have lacked the knos of those at RAI. However, he suffers from the knock-on effect of the Berlusconi proprietorship and the shameless manner in which Emilio Fede, his fellow anchorman on TG4, the second Fininvest channel, is so partisan.

Fede, nick-named "his master's voice", at times seems to embarrass even Berlusconi with his gushing propaganda and servile admiration. He makes no attempt at impartiality and is proud of his endorsement of Berlusconi's political ambitions. On the left Fede is avidly watched, but mainly for comic value. But there is a more serious side. TG4 pays no heed to the guidelines of the media-watch-dog commission, and during this campaign has been found guilty of excessive promotion of Berlusconi. This has merely underlined that despite the rules of fairness, the sanctions are wholly ineffective.

Opera/David Murray

Medea restored

Since it was first performed in 1797, Cherubini's original Medea has rarely been seen as he wrote it. For it had spoken dialogue, in opera-comique style; and that soon went out of fashion for serious operas. Cherubini's work fell into neglect until Franz Lachner composed recitatives (in a more modern style) for it - which took longer, of course, and necessitated wounding cuts in the original score. It is that version which has held the stage since.

Opera North's new production restores the opera to its proper form, and it is exciting. They play it in English; with so much speech, French would be impractical without a native cast. We need not quibble about Kenneth McLeish's occasionally awkward translation, for with actor-singers like Josephine Barstow, Norman Bailey and Thomas Rendell, the opera boasts all the dramatic force one could wish.

Paul Daniel conducts a tight, urgent performance, with only the cuts that Cherubini himself licensed for a Vienna production. Phyllida Lloyd's production is powerfully effective, though garish in Ian MacNeil's curious set - something like a giant plastic liquidiser, with wide steps spiralling around the outside and a murky interior in which an occasional tableau becomes visible. Kandis Cook has dressed Jason as all the Corinthians as effete aristocrats of Cherubini's own time, more or less; only Medea and her servant Neris are allowed plainer, more timeless garb.

For old King Creon, Bailey's veteran bass-baritone sounds a touch frail but perfectly apt, and he comes into his own splendidly in the later acts. Nicola Sharkey's brittle, sourette-ish soprano is not very well suited to his daughter Dirce. Ideally one would like a more "classical" tenor than Randle's for faithless Jason's music, but he projects it with his usual fervent honesty. Anne Wilkens' Neris is up to her distinguished standard, and - with the help of an inspired first bassoon - delivers her great Act 2 lament in noble style.

But at any Medea stands or falls by its heroine; and here Josephine Barstow's ferocious intensity and clever resource make her a Medea who would be hard to match anywhere. The odder features of her voice are assimilated perfectly into the character, and anyway she uses her instrument with such imaginative colour, every phrase fascinatingly weighted and driven home, that one can only watch and listen with awed gratitude.

And dismay too, of course. Medea is a brutal story, and Barstow does nothing to soften or sentimentalise her vengeful creation. Her art compels our sympathy for her even in murderous extremis. This is one of her best roles - which is saying a great deal. It is worth going a long way to see her in it.

Four more performances at the Grand Theatre, Leeds, on April 20, 22, 24 and 26; then Manchester on May 25, and Nottingham June 1.

Theatre

Some Sunny Day

Martin Sherman's new play Some Sunny Day at the Hampstead Theatre is thoroughly disarming, in its scatty way; I enjoyed every minute of it - well, at least three out of every five. That had mostly to do with the A-class team of actors, who (as directed by Roger Michell) seize Sherman's fractured script between their teeth and shake it with manic abandon.

William Dudley's extremely handsome set represents the main room of a rented house in 1942 Cairo, on the verge of evacuation because Rommel's troops are expected any day now. It is temporarily inhabited by a louche-ish group of people, military or diplomatic or odder than that, all with secrets. Sherman's trick to let us think we know just what kind of crisis-and-revelations play we are in for, and then to undermine it with a string of "revelations" so bizarre that we are left finally with no play at all - just the arbitrary surprises and the jokes.

There is a distinct feel of Snoo Wilson about it all. But Wilson's farraigos of mad, weirdly logical ideas tend to float buoyantly, with the surface cohesion of starchy bubbles. Sherman's fanciest arrive like bolts from the blue, wrecking the original premises and leaving only nonsensical shards behind.

We are prepared to learn, for example, that Rupert Everett's languidly attractive New Zealand reporter - embroiled in a

rapturous gay relationship with David Bark-Jones straight-arrow young officer - is something other than he seems. If he is really an alien from outer space, however (a "two-foot orange blob" when he's at home), then all bets are off; we just have a playwright playing about.

Yet until things start to fall apart, Bark-Jones and Everett make something tender and touching of their doomed affair. Sara Kastelman's Russian Grand Duchess (she isn't that, either) is engagingly bird-like, her bright, nervous eyes constantly scanning for danger. Corin Redgrave, the senior Brit in erotic thrall to a local belly-dancer, is imperturbably stewed to the eyeballs throughout, whilst his abandoned wife (Cheryl Campbell doing her nut, as usual) goes into virtuosic paroxysms of demented jealousy.

They are all delightful to watch. Michell succeeds in imposing a tight, effective pace on the proceedings even while they self-destruct. I wonder how much of the play the actors had read before they signed up? It would be easy to believe that Sherman originally had something quite different in mind, but it proved not to work, so the second half as we now see it was hastily brewed up a couple of nights before they opened.

D.M.

Minister jets on mission

arms agitated Mexico

Ballet/Clement Crisp Warming up to Ashton

The Royal Ballet has just brought in a programme of Ashton ballets: Illuminations, Symphonic Variations, The Dream. This is good news, and will be better news when the ballets look better: easier in performance, more idiomatic in manner, with Symphonic Variations danced as a pleasure rather than a duty. It seems perverse that Ashton, a founding force of our national ballet, should seem in certain of Symphonic's central ideas - fluency of phrasing, the dance's ease and naturalness with its music - a stranger, and an over-demanding one at that.

Symphonic Variations was made in 1946, when the Royal Ballet had just entered into its Covent Garden inheritance. It was a work owed to Ashton's distrust of the war-time dance dramas staged for the company by Robert Helpmann - strongly shaped, but boasting more maquette and tension than steps. Ashton's breath of mountain air, his morning of the world, was about dancing as he wanted it to be seen with his company: clear and unfussy, musically responsive, nuanced. His three women - Fonteyn, Pamela May, Moira Shearer - were beautiful, contrasted in manner, divinely themselves. What seems to me missing nowadays, is the femininity, the quiet allure, as well as the subliminal spirituality (Ashton had been reading Theresa of Avila at the time), which must shade the dance.

The present cast is able, and the company has cast off the terror-rigid precision that embalmed the choreography in earlier revivals. Let the women be more themselves - and let one of the men work hard on that glorious back-beat pirouette that was missing on Monday - and this testament to genius will be more truly itself again.

Ashton created Illuminations in 1950 for New York City Ballet. Set to Britten's Rimbaud cycle, it sits in the

shadow of Roland Petit's ballets of the period with their heady brew of eclecticism and decorative wit. Cecil Beaton's designs now look dreadfully dated (take Eugene Bernier, fudged Christian Bérard), and Ashton's parade of anarchic symbols has a winsome air, with over-much scampering. The central figure of the Poet was made for the darkly beautiful Nicholas Magallanes, and the piece can still make sense - as it did with Ashley Page's grand assumption of the role in 1961 - when Rimbaud's youthful anger and passion are sensed at the ballet's core. Jonathan Cope, who took the part on Monday night, is a fine dancer, but one singularly un-fanciful, and physically too mature. Thus the ballet lacks focus: we do not believe, as we should, that these are the hallucinatory dreams of a wild young genius. I thought Darcey Bussell lovely as the poet's Sacred Love, an ideal ideally danced.

About The Dream, I can but note that its atmospheric magic is getting thin. What was once witty has become laboured, the airy become leaden. The quartet of lovers go for easy laughs, though Adam Cooper - inheritor of the Stephen Jefferies Chair in making theatrical bricks without straw - has re-thought Demetrius admirably well and plays him with a stylish sense of comedy that does not disguise the real emotions which shape his behaviour. The fairy horde was bright, quick, pretty, poised on a breath of night air. Tetsuya Kumakawa's Oberon is a study in dazzling and multitudinous pirouettes: as Bottom Iain Webb is more innocent than any other player, and charming because of it. The score, like all the music of the evening, sounded well under Leslie Dunner's baton. The infant voices in "Ye spotted snakes" snatched at their one high note like drowning tots.

This Ashton triple bill can be seen on April 18, 24, May 1, 4.



An ideal, ideally danced: Darcey Bussell as the Poet's Sacred Love in 'Illuminations'

INTERNATIONAL ARTS GUIDE

- BERGEN CONCERT Grieghallen Tel: 47-55-216150 ● Bergen Filharmoniske Orkester; with conductor Emmanuel Krivine and violinist Marianne Thorsen perform Mendelssohn's overture A Midsummer Night's Dream and Tchaikovsky's Violin Concerto, 7.30pm; Apr 18, 19
BERLIN CONCERT Philharmonie & Kammermusiksaal Tel: 49-30-2614383 ● Berliner Sinfonietta; with conductor Antonio Lopez-Rico perform works by Mozart, Mendelssohn and Respighi; 8pm; Apr 18
BIRMINGHAM CONCERT Symphony Hall Tel: 44-121-2123333 ● Gothenburg Symphony Orchestra; with conductor Neeme Järvi perform Sibelius' The

- COENAGIDES, Symphony No.4 in A minor and Symphony No.1 in E minor; 8pm; Apr 19
BONN DANCE Oper der Stadt Bonn Tel: 49-228-7281 ● Don Quixote: a choreography by Valery Panov to music by Minkus, performed by the Ballet der Oper der Bundesstadt Bonn and the Orchester der Beethovenhalle. Soloists include Didier Gottliffe, Danilo Mazzotta, Irina Zaviyalova and Vadim Bazzor; 8pm; Apr 19, 24
EDINBURGH CONCERT The Queen's Hall Tel: 44-131-6663456 ● The Scottish Chamber Orchestra; with conductor Ivar Bolton, tenor John Mark Ainsley and harp-player Robert Cook perform works by Britten and Schubert; 7.45pm; Apr 18
THEATRE The King's Theatre Tel: 44-131-2284840 ● The Shakespeare Revue: songs and sketches based on the life and works of William Shakespeare, performed by the Royal Shakespeare Company. The cast includes Susie Blake, Clive Carter, Christopher Luscombe, Malcolm McKee and Jan Hartley; 7.30pm, Wed, Sat also 2.30pm; to Apr 20
HAMBURG DANCE Hamburgische Staatsoper Tel: 49-40-351721

- Romeo and Juliet: a choreography by John Neumeier to music by Prokofiev, performed by the Hamburg Ballet; 7.30pm; Apr 18, 19, 22, 23
LONDON CONCERT Barbican Hall Tel: 44-171-6388891 ● The London Symphony Orchestra; with conductor Michael Tilson Thomas and pianist Jean-Yves Thibautaud perform works by Stravinsky and Ravel; 7.30pm; Apr 18 Purcell Room Tel: 44-171-9804242 ● Petja Svenson and Lena Johnson: the cellist and pianist perform works by Shostakovich, Beethoven, Ingvar Lidholm, Chopin and R. Schumann; 7.30pm; Apr 18 Royal Festival Hall Tel: 44-171-9804242 ● The Philharmonia Orchestra; with conductor Riccardo Muti and the Philharmonia Chorus perform Haydn's Symphony No.48 in C (Maria Theresa) and Cherubini's Mass in D minor; 7.30pm; Apr 18 St. Martin-in-the-Fields Church Tel: 44-171-9300089 ● London Concert Sinfonia; with conductor Christopher Gayford and mezzo-soprano Emma Selway perform works by Mozart, Tchaikovsky, J.S. Bach, Pachelbel, Handel, Gluck and Purcell; 7.30pm; Apr 18
MILAN OPERA Teatro alla Scala di Milano Tel: 39-2-7203744 ● Les Troyens; by Berlioz. Conducted by Colin Davis and

- performed by the Opera Teatro alla Scala. Soloists include Vladimir Bogachov, Giorgio Giuseppini and Markella Natziano; 7pm; Apr 19
NEW YORK CONCERT Carnegie Hall Tel: 1-212-247-7800 ● The New York Pops; with conductor Skitch Henderson perform works by Sousa, Copland, McDowell, Berlin and Bernstein; 8pm; Apr 19 EXHIBITION The Frick Collection Tel: 1-212-289-0700 ● Greuze, A Portraitist for the '90s: exhibition focusing on the pastel portraits "Baptiste Aliné" and "Madame Baptiste Aliné" by Jean-Baptiste Greuze (1725-1805) which were recently acquired by the museum. Executed in Paris in the early 1790s, these images of a famous actor and his wife belong to a series of portraits that Greuze painted and drew during the years of the French Revolution; to Apr 21 The Pierpont Morgan Library Tel: 1-212-685-0008 ● Through British Eyes: Images of Bermuda, 1815-1857: exhibition of drawings and watercolours made in Bermuda during the first half of the 19th century. The works, depicting island views, were created by artists who were connected to the military during a time when the colony was of strategic importance to Britain; from Apr 18 to Aug 4 OPERA New York State Theater Tel: 1-212-875-5570 ● The Mikado; by Gilbert & Sullivan. Conducted by Randall Craig Fleischer and performed by

- the New York City Opera. Soloists include Barbara Shrivis, Joyce Castle, Sondra Gelb, Danna Heldman and Richard McKee; 8pm; Apr 18
PARIS CONCERT Salle Pleyel Tel: 33-1 45 61 53 00 ● Sergei Leiferkus; accompanied by pianist Semeon Skigin. The baritone performs songs by Mussorgsky and Glinka; 8pm; Apr 19 EXHIBITION Musée d'Orsay Tel: 33-1 40 49 48 14 ● Menzel (1815-1805), 'la névrose du vrai'; retrospective exhibition devoted to the work of the German impressionist painter Adolph Menzel. The exhibition, organised in cooperation with the National Gallery in Washington and the Stiftung Preussischer Kulturbesitz in Berlin, comprises 47 paintings and 95 drawings; from Apr 18 to Jul 28
STOCKHOLM CONCERT Stockholms Konserthus Tel: 46-8-7850200 ● Norrköpings Symfoniorkester; with conductor Pinchas Steinberg perform works by Pettersson and Bruckner; 7.30pm; Apr 18 DANCE Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300 ● Royal Swedish Ballet perform the choreographies Harmonielehre by Pär Isberg to music by Adams, Vier Letzte Lieder by Rudolf van Dantzig to music by R. Strauss, and In the Middle, Somewhat Elevated

- by William Forsythe to music by Williams; 7.30pm; Apr 18, 19, 22
VIENNA CONCERT Konzerthaus Tel: 43-1-7121211 ● Olaf Bär; accompanied by pianist Helmut Deutsch. The baritone performs songs by Schubert, Berg, Korngold, Kienzl and Gundi; 7.30pm; Apr 18 OPERA Wiener Staatsoper Tel: 43-1-51442660 ● Il Barbiere di Siviglia; by Rossini. Conducted by Antonello Allemandi and performed by the Wiener Staatsoper. Soloists include Ruxandra Donose, Raul Gimenez and Renato Girolami; 7.30pm; Apr 18
WASHINGTON CONCERT Concert Hall Tel: 1-202-467 4600 ● National Symphony Orchestra; with conductor Christof Perick and pianist Rudolf Buchbinder perform works by Putz, Wagner and Beethoven; 8.30pm; Apr 18, 19, 20 DANCE Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300 ● Royal Swedish Ballet perform the choreographies Harmonielehre by Pär Isberg to music by Adams, Vier Letzte Lieder by Rudolf van Dantzig to music by R. Strauss, and In the Middle, Somewhat Elevated

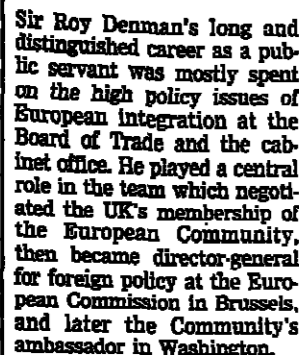
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## COMMENT &amp; ANALYSIS

Ian Davidson

## A long tale of woe

Major's difficulties over Europe are just the continuation of a pattern dating from the time the Community was founded



Sir Roy Denman's long and distinguished career as a public servant was mostly spent on the high policy issues of European integration at the Board of Trade and the cabinet office. He played a central role in the team which negotiated the UK's membership of the European Community, then became director-general for foreign policy at the European Commission in Brussels, and later the Community's ambassador in Washington.

This experience gave him an unrivalled opportunity to observe at close quarters the story of the UK's unbroken failure to come to terms with European integration. Denman's point of view is that of a convinced, even a passionate, supporter of the objectives of European integration, leading eventually to a European federation. He believes not only that Britain should have embraced the Schuman Plan for a coal and steel community when it was launched in 1950, but that it could have had the leadership of Europe. That is what he means by the title of his new book: *Missed Chances*.

Even if you disagree with Denman about the desirability of closer integration, it is difficult to deny that the story of the UK's relations with its Community partners is one of ineptitude and strategic failure. A casual reading of today's headlines may give the impression that John Major's European difficulties can be blamed on the vociferousness of a small minority of Eurosceptics on his right wing. A reading of a longer history confirms that today's difficulties are just the continuation of a pattern which has been going on since the beginning. For the first 23 years of the Community's existence, the UK remained on the outside, first as a spoiler, then as reluctant candidate for membership; and it has spent the next 23 years trying unsuccessfully to resist the trend to closer political integration.

told before, most recently in Edmund Dell's book, *The Schuman Plan*. But Denman tells it with verve, undiplomatic vivacity and withering scorn. "The real British mistakes in 1950 were ones of perception. The British totally failed to understand the mood of Europe in the immediate post-war years... A wind of change was blowing through Europe, just as it had done in 1789 and 1848."

"This time it was not royalty and absolutism which were being challenged, but the adequacy of the nation state... To the British this was simply continental rhetoric. They could not bring themselves to take it any more seriously than whirling dervishes or dancing bears."

And yet, of course, the British were not totally blind to the meaning of what was being proposed in 1950: it was just that they hated it. Here is part of an official minute on a cabinet discussion of the plan: "Mr [Herbert] Morrison [deputy prime minister] said that the proposal might have been primarily economic in its origins, but it clearly had most important political implications. Sir Stafford Cripps [chancellor of the exchequer] agreed that these were the most alarming features of the proposal... There was general agreement that the French government had behaved extremely badly in springing

On the subject of Europe, the political establishment has, for 50 years, floundered about in confusion, anxiety and incompetence

this proposal on the world at this juncture without any attempt at consultation with His Majesty's government or the US government."

If there was one man who, 10 years later, persuaded the prime minister, Harold Macmillan, that the UK had to join the Community, it was Sir Frank Lee, Joint Permanent Secretary at the Treasury. Denman describes him as "the most remarkable civil servant of the post-war years."

Denman writes: "A first impression of Frank Lee was entirely misleading. He was small, bespectacled and ugly. His manner displayed none of the middle-class gentility which smooths the way for promotion in Whitehall. His appearance suggested a more than usually dilapidated, second-hand suit which had spent the night in a hedgerow. His voice was like the creaking of a rusty gate. But he spoke with force and fire, and with an intellectual clarity which few could match. To hear him laying down the law to a minister was an experience not easily forgotten."

In a report to cabinet in 1960, Lee wrote: "We cannot join the Common Market on the cheap. Joining means taking far-reaching decisions. We must accept that there will have to be political content in our action - we must show ourselves prepared to join with the Six in their institutional arrangements, and in any development towards closer political integration."

Needless to say, his simple message was not understood or accepted then, nor at any time since. Macmillan thought Britain could slide into the Community without taking any far-reaching political decisions, and President de Gaulle slammed the door in his face.

John Major is still trying to evade the central political choice, with his opt-outs from monetary union and the Social Chapter, and by resisting all proposals for more integration in the EU.

Some readers may enjoy Denman's fierce condemnations of Mrs Thatcher's European policies ("a product of ignorance and nationalism"); or of John Major ("a well-meaning nonentity"). Others may feel such spleen is over the top because it attaches too much significance to these ephemeral figures. After all, the central point of Denman's book is not that Mrs Thatcher had a bad European strategy, but that she had no European strategy to speak of; and the same goes for her successor and all her predecessors.

This is the big puzzle of the story. The British never cease to boast of their pragmatism and worldly wisdom, of the brilliance of their Foreign Office and the sturdy commonsense of their democracy. Yet on the subject of Europe, the political establishment has, for 50 years, floundered about in confusion, anxiety and incompetence. Why?

Denman cites some conventional culprits: Britain's historic trans-Atlantic connection and its endemic ignorance of foreign languages. But he focuses most strongly on the class system: "Britain never had a serious, house-clearing revolution... The result has been that Britain has largely become a cosy backwater, a backslapping, 18th-century type oligarchy, its boardrooms stuffed with clipped-out politicians, Foreign Office retreads, and sundry cronies of the Establishment."

Can the record be changed? Denman answers: "A change of government is the indispensable minimum." The fundamental question would still have to be resolved - whether the UK can be prepared to throw in its lot with a uniting Europe. But Denman believes that the chance awaiting Tony Blair to change the record "will be the biggest opportunity to befall any British prime minister for 100 years."

Missed Chances, by Roy Denman, Cassell, £25. *The Schuman Plan*, by Edmund Dell, Oxford, 1995, £25.

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9PL

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## Taking part in Emu can mean wider sovereignty

From Mr Spencer Livermore

Sir, In an otherwise enjoyable article ("Referendum for a rainy day", April 3), Robert Peston fails to provide an adequate rebuttal of the Eurosceptic argument that inside a single currency "the British government's ability to manage the domestic economy would be severely curtailed" - illustrating that the pro-European majority in Britain have been forced on to the defensive over the issue of sovereignty.

It is clear that the debate over Emu is conducted in a way relating to the world as it is, not as some would like to remember it. With the advent of an increasingly globalised economy, the abandonment of the Keynesian assumption that governments can "manage" their economies ought to be accompanied by discarding the idea that national sovereignty over economic policy is genuinely possible.

Far from being an abrogation of sovereignty, British participation in Emu can only result in creating a wider European sovereignty over the European economy. The current situation whereby British interests are set by the actions of the Bundesbank would be replaced by a situation where Britain had equal status in the European Monetary Institute/European central bank - with the opportunity to participate in setting our interest rates.

As for retaining the option of devaluation, this is a fool's paradise. Devaluation is simply a facade behind which people can shy away from required economic reforms. It must surely be obvious by now that the most successful economies are those that do not devalue.

Spencer Livermore,  
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## Lack of safety net is major factor in Hong Kong's economic success

From Mr Patrick J. Wye

Sir, Chris Patten ("Nothing mysterious about Asia's success", April 11) lists ambition, economic liberty and free trade to explain the extraordinary success of Asian countries and of Hong Kong in particular.

There is nothing mysterious about success under a well-run, reasonably incorrupt system of dictatorship that ignores the requirements of a modern welfare state. The government is correct that the sheer will to succeed is a characteristic of the Hong Kong people.

The British people would have the same will if there was not the great safety net of the welfare state. Youngsters do not live in shop doorways in

Hong Kong. They have to work. Hong Kong's economic system has resulted from the motivation of a low level of income tax and the absence of a capital gains tax, possible because of the lack of the expense of a welfare system which is considered basic to a decent life in the UK.

Accounting standards, banking supervision, company reporting requirements - all have been below the standards of London or New York. Hence the proliferation of shell companies, deposit-taking companies and the resulting ability to hide wealth ownership. Economic liberty!

It may well be that the

people of Hong Kong have not felt deprived of the numerous benefits that western nations take for granted.

It can be a delight to work in such an environment where success is not a matter of embarrassment and where affirmative action, minority interests and support for professional welfare beneficiaries are unknown. Mr Patten will be unable to translate the success of Hong Kong to the UK should he ever become prime minister. Running a democracy is very different from running a colony.

Patrick J. Wye,  
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## Contrasts in the right to criticise public figures

From Teresa Wyzomierski

Sir, The successful libel prosecution in Singapore of American academic Christopher Lingle highlights the dramatic differences between US and Singapore views on what constitutes permissible criticism of public figures for their official conduct. Based on judicial standards established in 1964 by the Supreme Court in *Times v Sullivan*, it is extremely unlikely senior minister Lee Kuan Yew could have secured a conviction in a US court.

Mr Lee accused Dr Lingle of defaming him (even though neither he nor Singapore was mentioned in Dr Lingle's article). The Supreme Court noted in *Times v Sullivan* "an otherwise impersonal attack on governmental operations cannot be transmuted into personal criticism... of officials". Secondly, Mr Lee alleged that Dr Lingle's statements were motivated by malice, as evidenced by the author's "harsh words" and lack of remorse. In contrast,

the Supreme Court held that first amendment protection for expression critical of the official conduct of public officials is jeopardised only when the statements are made with "actual malice" - that is, with knowledge that it was false or with reckless disregard of whether it was false or not.

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61-37 56th Avenue,  
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## Capital partnerships

From Mr Stephen O'Brien

Sir, Labour's consultation document on London is noteworthy in several respects ("Capital voice might trigger conflict", April 11). From our perspective as an organisation representing business interests it is important for another reason. Labour acknowledges the value of partnerships between the private, public and voluntary sectors. The paper states that "special arrangements" should be made to ensure that "businesses and the voluntary sector are involved at all stages in the formulation of policy."

In sharing the aim of making London a better place in which to live, work and invest, we shall be reminding the party that maintaining London's competitiveness and acknowledging its position as a global centre are key elements in the governance process.

Stephen O'Brien,  
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Andrew Adonis

## Make a date with disaster



A celebration would be in poor taste. But they are certainly well-timed. As a nation we are excitedly embracing the BSE crisis wrecks havoc on the beef industry.

No, it is not the pig and sheep rearsers, but the students of disaster studies. Forget political correctness. Disasters are the coming fashion, and mad cows will give it the biggest boost since global warming, the ozone layer and the poll tax.

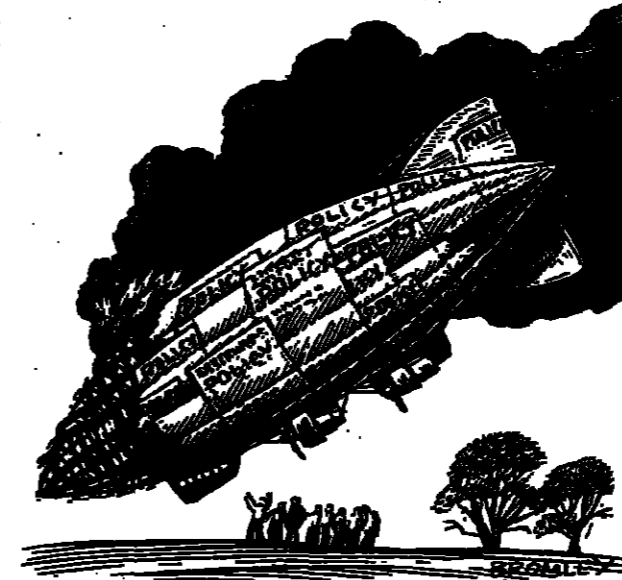
With perfect timing, Dutch professors Mark Bovens and Paul 't Hart have published what is bound to become a seminal text for the disaster fraternity. In *Understanding Policy Fiascos*, they enthuse about putting catastrophes to "constructive use."

"Failure in government is much more conspicuous than success," they claim, and "tends to promote organisational and political forces that advocate change."

Far from offering quick fixes for ministers and mandarins flailing amid health scares, Bovens and 't Hart question the whole notion of "policy failure". Indeed, the very use of the term "fiasco" disgraces the wide range of factors needed to assess the impact of any official action in response to a complex challenge.

Consider a textbook case - the US swine flu affair of the mid-1970s which offers uncanny parallels with the BSE disaster. In 1976, an outbreak of influenza at Fort Dix, New Jersey, killed a soldier. Studies showed his virus had similarities to one in pigs - hence "swine flu", a term as emotive as "mad cow". Virologists feared that a deadly strain had re-entered the human population - on its last appearance in 1918, it killed 23m worldwide, more than the entire slaughter of the first world war.

Within months, the initial appraisals were confirmed and an official projection warned of a possible 10m swine flu deaths if nothing was done. Gerald Ford, then US president, urged Americans to get vaccinated. One problem: the vaccine available had not been proved to be safe or effective so the government indemnified the pharmaceutical industry



against claims from users. You can guess the rest. There was no epidemic. The vaccine had dreadful side-effects. More than 4,000 people filed claims against the government for Guillain-Barre Syndrome, which affects the nervous system, and many eventually died from it. The cost to the government ran to billions of dollars in today's money.

In the US this has gone down as a classic fiasco. An official inquiry pointed at guilty men - over-confident specialists spinning theories on meagre evidence, health professionals driven by uncontrolled zeal, and many more. "Infamous", "ridiculous", "disastrous" are among the epithets in the entries.

Was it really that bad? My reaction was to ask: "Well, what if there had actually been a swine flu epidemic?" However, Bovens and 't Hart question this whole line of reasoning, given the flimsy evidence on which the Ford administration was proposing to act. Instead, they stand back and dwell on the underlying issue that today's voters expect governments to solve any problem, however ethereal.

Because of this expectation, "policymakers who try but fail tend to be judged less harshly than those who fail to try". It was largely for this reason, they suggest, that the Ford administration was so anxious to act. If popular expectations were lower, governments would be less inclined to seek instant solutions to complex problems.

In the BSE case, UK ministers did try to hold back from intervention, but have been forced into action by consumers and the European Union. Billions of pounds will be spent or lost - all because of some extremely tentative scientific findings. If there is no surge in the number of cases of Creutzfeldt-Jakob disease in a few years, there is likely to be a tone on *The Great Beef Fiasco*.

Who will it blame? Probably ministers and officials. Perhaps "over-confident specialists spinning theories on meagre evidence". Society at large is likely to escape blame - although it is the popular demand for certainty from science and absolute food security from governments that explains recent events.

Then there is the question of timing, which Bovens and 't Hart claim is equally important in "fiasco analysis". By timing their message two things: defining the date of a fiasco, and choosing the date from which to look back at it in judgment.

In the case of BSE, does the fiasco lie in the scares of the 1980s and subsequent government inaction? Or with the pronouncement of government scientists last month and ministerial failure to anticipate the public reaction? The blame for the supposed fiasco changes radically between the two.

As for the importance of the

date of hindsight, the professors cite the case of airport construction in London and Paris. In about 1970 it seemed that the French government, with its dictatorial planning powers, had solved Paris's air traffic problem: a third international airport (now Charles de Gaulle) was under construction, while British planners wallowed in public protests and Whitehall indecision about a third London airport.

Twenty five years later, London is smogging. Air traffic forecasts of the 1970s have proved much too optimistic, while larger aircraft and more efficient traffic handling techniques make it easier than expected to absorb higher demand. Paris has three under-used international airports, created at huge social cost. London's two main airports are coping admirably: the third at Stansted in effect provides extra capacity as required and does not compete head-on.

What looked like a classic British fiasco in the 1970s is now almost a triumph in comparison with the French experience. Of course, the passage of a few more years could turn the tables should Heathrow fall to win approval for its fifth terminal and traffic congestion grows faster than expected. Policy planners may then look to the French in admiration. A fiasco, like treason, is often a question of dates.

Bovens and 't Hart end with remarks about blame. The urge to assign blame is integral to the branding of a policy or happening as a fiasco. Yet the allocation of blame is itself a highly loaded endeavour. It presupposes an ideological view of the perfectibility of government and human action. As they put it, "optimists blame people, realists blame organisations, pessimists blame the system as a whole."

Not that any of this is new. Back in the 16th century Machiavelli sought to refute the idea that everything in government depended upon luck and God. He advised his readers: "I am disposed to hold that fortune is the arbiter of half of our actions, but that it lets us control roughly the other half." A fair verdict on the mad cows, perhaps.

Understanding Policy Fiascos. Transaction Publishers, New Brunswick, New Jersey, US 08903 \$32.95.

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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL. Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Wednesday April 17 1996

Towards peace in Korea

Of all the flashpoints in Asia, the Korean peninsula is arguably the most dangerous. North Korea confronts severe economic difficulties and widespread hunger, but outsiders know little about how the government is coping, or even who is really in charge. The risk of explosive tension on the border with South Korea is made worse by Pyongyang's unpredictability. Against that backdrop, yesterday's proposal from the US and South Korea for four-party peace talks including China as well as North Korea is a constructive step. It offers an elegant way round North Korea's reluctance to talk to the South, and sends a firm signal to Pyongyang that there is no point in continuing to seek direct dealings with the US in an attempt to isolate Seoul. That China quickly indicated support for the proposal is a further bonus. It can leave North Korea in little doubt that the multi-party approach carries broad international backing - especially since Japan has also reacted favourably. Moreover, the rest of Asia must look with relief on the fact that China and the US can still co-operate on something. Coupled with the recent unexpectedly bold moves to shore up the US-Japan security alliance, that has set a positive tone for President Clinton's Asia trip. There is one big question: will North Korea pick up the idea? Unless it does, the other three will have no one to talk to and the tension may continue to escalate.

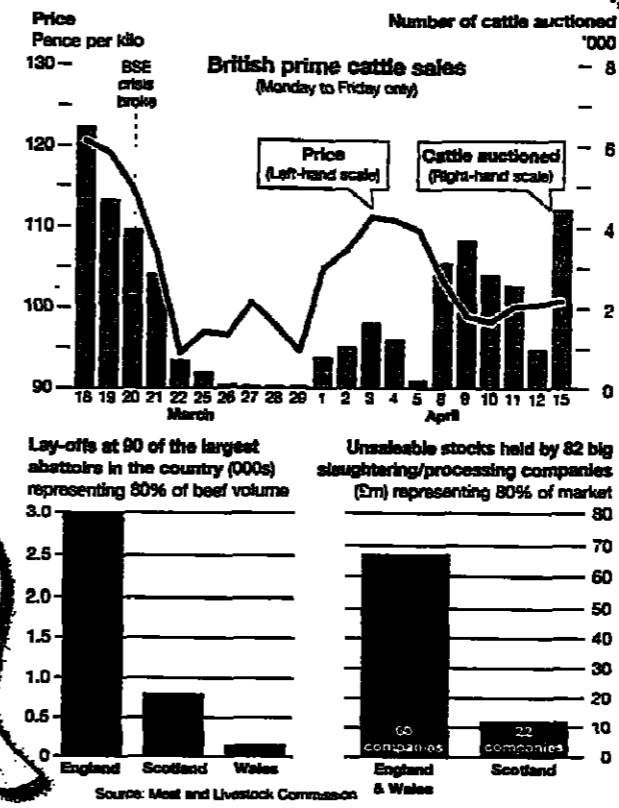
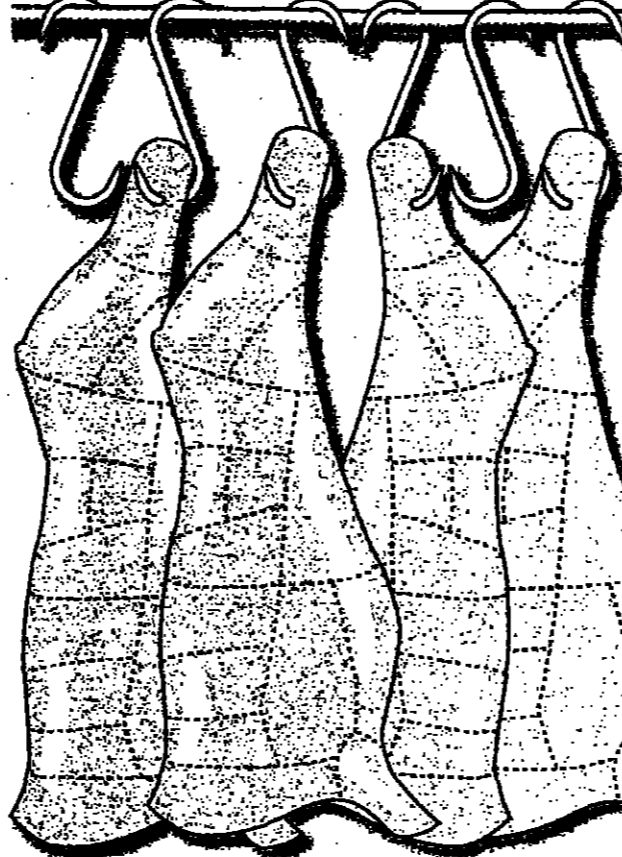
ANC business

The South African rand came under renewed pressure on the foreign exchange markets yesterday, suggesting continuing doubts about that country's political and economic leadership. The latest run was triggered by the resignation almost two weeks ago of Mr Chris Liebenberg, a non-political banker, as finance minister, and his replacement by Mr Trevor Manuel, a leading member of the African National Congress. Yet perhaps the business community in general, and the markets in particular, should be more influenced by a move in a different direction: the decision by Mr Cyril Ramaphosa, the powerful secretary-general of the ANC, to quit parliament and become a businessman. He explained this as a conscious move on the part of the ANC leadership to deploy more of its top people in the private sector, to reinforce the drive for "black empowerment". The aim is to give the majority black community a greatly enhanced role in business, as well as in government. There is a real dearth of black business leadership in South Africa, not to mention black ownership, as a direct consequence of the years of apartheid rule. Black control of South Africa's listed companies amounts to a minuscule 0.6 per cent of the total capitalisation of the Johannesburg Stock Exchange. The fact that Mr Ramaphosa, widely seen as a possible future state president, should choose to lead the push for a big-

Cutting tariffs

One of the multilateral trade system's greatest achievements has been to erode the high tariffs which were long protectionists' instrument of choice. That success has contributed powerfully to growth of world trade and prosperity in the past half century. Governments should now consider completing the good work by committing themselves to the goal of total tariff abolition. The changing structure of the world economy makes that more desirable - and possible. The growth of integrated global production networks has led companies which once benefited from tariff protection to view it as an irritating impediment. That is why US and European information technology industries want a multilateral agreement to free trade in their products. But liberalisation should go beyond sectoral approaches. The Uruguay Round commits developed countries to cut average tariffs on industrial products to 3.8 per cent. Though levels on certain "sensitive" products will remain high, tariffs on many others will be so low that they no longer provide effective protection. The case for scrapping them is cogently made in a recent paper by the Swedish Industries Federation. It estimates that by 2001, revenues raised from EU customs duties will be exceeded by the collection costs. Most of these are borne by business, which has to devote valuable resources to com-

Beef producers: on the rack



Financial help

- EU and national compensation to farmers of about £550m a year for the destruction of cattle aged over 30 months. Further national aid of up to £20m for farmers with more valuable beef steers and heifers aged over 30 months. EU aid of £30m for slaughter of male calves that cannot be sold. National aid for the rendering industry of up to £118m in this financial year. National aid of £110m to the abattoir industry.

A further cut on the menu

The UK government has yet to prove to its European partners that it has done enough to end the beef crisis, says Alison Maitland

Four weeks into the British beef crisis, the rapidly moving chain of events has thrown up the most ironic of prospects. The UK meat trade predicts beef prices will rise sharply within a few weeks as a shortage of animals coincides with a recovery in consumer demand. The shortage will be the inevitable result of the government's decision last month to remove all cattle over 30 months of age from the food chain, say industry experts. "Following the rise in confidence in muscle meat (steaks and joints), there's bound to be a resurgence in demand from caterers, fast-food outlets and meat products manufacturers," says Mr Peter Scott, general secretary of the Federation of Fresh Meat Wholesalers. Retail sales of beef, which halved immediately after the crisis broke on March 20, have recovered thanks largely to hefty price-cutting by supermarkets. The Meat and Livestock Commission, the industry-funded promotional and research body, says sales have returned to about 85 per cent of pre-crisis levels. Steak and joints are selling well. But sales of mince, the type of meat which the public now associates with old dairy cows at greater risk of bovine spongiform encephalopathy (BSE), or mad cow disease, remain depressed.

Nielsen, the independent market research organisation, also finds evidence of a sharp recovery, and says consumers in the top social classes A and B are notably heavy buyers of beef. Cattle prices have picked up, as has the number being sent to market. Speculation about a mass slaughter of the 11m-strong UK cattle herd led to forecasts of a doubling in the public sector borrowing requirement, a surge in inflation and a widening trade deficit as Britain was forced to import substitute dairy products. But the economy looks set to suffer far less than some economists predicted after the government announced a possible link between BSE and the fatal human brain disease Creutzfeldt-Jakob disease. "It's nowhere near as apocalyptic as we originally thought," says Mr Ian Shepherdson, UK economist with HSBC Markets. "It's going to be a drop in the ocean on the macro-economic scale of things." He says the amount of compensation now being discussed for the industry was "not big enough to be interesting". The European Union will pick up 70 per cent of the cost of the main element of compensation to farmers for the destruction of cattle, which would be spread over several years. Added together, it might add a "minimal" 0.1 per cent to the inflation rate, he said. The real worry - that the whole dairy herd might be culled - had been removed from the agenda. This sanguine response to the unfolding drama is not shared by farmers or the meat trade. Mr Fraser MacLeod, director of the Scottish Crofters' Union, is gloomy. Consumers may be returning to beef, but only at low prices which could make it unviable for many of his cattle farmer members to continue production. "This could simply result in more people leaving the industry," he says, "leading to a detrimental impact on rural communities and the environment."

Mr Scott, of the meat wholesalers' federation, is grateful the "hysteria" has died down but insists the crisis is as serious as ever. He fears 4,000 jobs could be lost permanently in abattoirs, meat packing and transport operations because of the cut-off in animal supplies. The Meat and Livestock Commission says the recovery in domestic demand affects only about 30 per cent of the pre-crisis market for British beef. The export market has been completely cut off by the European Union's worldwide ban on British beef and beef-based products. And the market for meat for processing into pies, soups and sausages has collapsed with the removal of the older cows which supplied it from the food chain because they are considered more likely to have BSE. The government and the National Farmers' Union are mounting legal challenges to the export ban, imposed by the European Commission on March 27 and endorsed by Britain's EU partners on April 1. They argue that the ban must be lifted because it is an unjustified infringement of free trade. But EU member states are demanding drastic action from the UK to prove it is stamping out the disease before they will lift the ban. The destruction of cattle over the age of 30 months is due to start at the end of this month. The age is based on the fact that these cattle are half-way through the average five-year incubation period for BSE. The agent that causes the disease increases exponentially with age, so a young cow developing it would carry only tiny amounts compared with much older animals. The government ban on cattle over 30 months entering the food chain has left animals piling up on farms without any market. Before the crisis, about 15,000 milk-producing cows were killed each week at the end of their useful lives. The National Farmers' Union says the backlog has now reached about 90,000.

Beef steers and heifers over 30 months are also caught by the ban and will have to be destroyed. The farmers' union estimates there are 100,000 to 150,000 waiting on farms. "There is no way all these animals will be slaughtered in the first week," says Mr Ian Gardiner, policy director. This suggests that destruction will have to take place at a rate of about 30,000 cows a week until the backlog is cleared. The government plans to dispose of these cattle by rendering them down and using the remains for landfill or for fuel in power stations. Farmers unable to sell their older cows for meat will be compensated at nearly £500 an animal. Mr Douglas Hogg, UK agriculture minister, yesterday announced additional aid of up to £80m for producers of older steers and heifers which would have commanded a higher price than milk cows before the ban. Overall, the aid package announced so far totals more than £900m. Other elements include £118m for the rendering industry which has lost the market for its main product, meat and bone-meat, now banned from use in all animal feed. Slaughterhouses are also to receive £110m "to avoid a disorderly collapse of the sector". To lift the export ban, however, the UK's European partners want to see Britain do more to reduce the incidence of the disease as fast as possible. Mr Hogg yesterday rejected speculation about a wide slaughter of cattle in herds at high risk of BSE. Following intense lobbying by the powerful farming unions, he said the numbers killed would probably be "in the low tens of thousands". Moreover, Britain would go ahead with a culling policy only if there were benefits such as an indication that it would lead to an end to the EU ban. As far as the rest of the EU is concerned, Britain has no choice but to produce a slaughter plan for the Commission's approval by the end of this month. The intriguing question now is: who will give ground first?

EU's anger at 'les rosébifs'

The UK and continental Europe seem set for a protracted battle over how best to restore confidence in the EU beef market before the ban on British beef products is lifted. The row over beef has undermined the worst aspects of the UK's relations with its European partners. While British politicians have pointed accusing fingers at Brussels for imposing the ban, the rest of the EU is incredulous at the UK government's aloofness and slow response to the crisis. British anger over the supposed hypocrisy of Mr Franz Fischler, the EU agriculture commissioner, who said this week he would happily eat British beef, and UK threats of legal challenges to the ban have not been taken seriously by other EU states. "The British authorities are focusing on the wrong bit," says an EU diplomat. "They shouldn't be attacking the legislative ban; they should be concentrating on the consumer boycott."

EU countries, notably Germany and Spain, harbour deep misgivings about Britain's ability to clean up its meat industry. "There is a major credibility problem. Member states feel the UK has, through the years, tried to minimise the issue to keep trade going. They believe Britain has been forced to take action at every turn. Finally, Europe's patience has cracked," an EU official said. Hostility to the UK has been compounded by the fact that member states, which have seen an average 30 per cent drop in beef consumption, have been forced to take unilateral steps to rebuild public confidence. In the Netherlands, the carcasses of 64,000 British-bred calves are to be destroyed, and in France 75,000. Any pact to end the crisis is likely to be brokered by Mr Fischler, who has already secured agreement that the EU will pay 70 per cent of the cost of animals killed in Britain in the anti-BSE campaign. "Our aim is to get the ban lifted," says one Commission official. "Once Britain has good scientific measures in place, we can start."

Following intense lobbying by the powerful farming unions, he said the numbers killed would probably be "in the low tens of thousands". Moreover, Britain would go ahead with a culling policy only if there were benefits such as an indication that it would lead to an end to the EU ban. As far as the rest of the EU is concerned, Britain has no choice but to produce a slaughter plan for the Commission's approval by the end of this month. The intriguing question now is: who will give ground first?

Caroline Southey

OBSERVER

The golden ring of truth

Those queuing to see the fabulous treasures of Troy at Moscow's Pushkin Museum might be a little puzzled by the contents of the catalogue. It contains no reference to the tale of these legendary items - found by German archaeologist Heinrich Schliemann during the late 19th century - since they disappeared from Berlin at the end of the second world war. The catalogue's Italian producers, Leonardo Arte, were acutely aware of Russian sensitivities to the treasures being spirited away to Moscow as war booty, their very existence was denied until 1991. But when the exhibition organisers ruled out any entry mentioning what had happened to these precious objects, the Italian publishers proffered an ingenious solution - a special chapter to be inserted as a pull-out in the catalogue folder. No deal, said the Russians. Those who want to read the catalogue's summary of the post-1945 history of the treasures headed yesterday's *Corriere della Sera*, where it was published. All this confirms the Russians are unlikely to relinquish the treasure, believed to be from King Priam's tomb, despite recent agreements with the Germans on the return of illegally exported war booty. With a neat piece of sophistry, the argument in the case of the Trojan gold is that the orders came from Stalin and were thus perfectly "legal". As a further precaution against any German claim, the Russians have a list of some 70,000 objects destroyed or taken by the Germans in the Soviet Union during the war - more than enough to fill a Trojan horse.

Mañana beckons

Spain's many public holidays can be a nuisance, even for parties. Political ones, that is. Take José María Aznar, leader of the centre-right Popular party. He would like to have his investiture next week. Unfortunately the Catalan nationalists, whose vote is required to make up Aznar's majority, will be celebrating the feast-day of Catalonia's patron saint St George on April 23. Not overly enamoured of the Madrid parliament anyway, the Catalans have put off their meeting to rubberstamp an agreement to support Aznar until April 28: will the following week do for his swearing-in? Sorry, says Aznar's Madrid-based party. That clashes with a city shut-down during May 1-2, commemorating a heroic *Madrileño* revolt against Napoleon's occupying army. As the caretaker government - in place since the March 3 elections -

Shadows lengthen

The poor old much-abused English language has been under attack for centuries. No doubt it will survive its latest skirmishes with cyberspace, but Observer wins at this sort of thing, taken from the IBM information network: "On Monday April 15 GFSOFT will finally be sunsetted. This means that the application will become restricted access" (surely that's "become subject to restricted access"?). And offer no further day of announcement support. The verb "to sunset" will go far: "The verb was forced to sunset 10 per cent of its workforce, despite being part of a sunrise industry."

Dietary habits

This would seem to come under the "closing the farmyard gate after the mad cow has bolted" category. By now most of the world knows that scientists suspect a link between feeding cattle ground-up bits of their fellows and the onset of mad cow disease; the

I will eat my words

Franz Fischler, the EU farm commissioner, may wish he'd made plain weeks ago his belief British beef was safe to eat. His proposal of the export ban on March 25 in order, he said, to restore confidence in the EU beef market, seems to have backfired. Figures from Britain's Meat and Livestock Commission show beef cattle prices are well down across the continent. Guess which country has suffered the biggest fall? Why, Fischler's native Austria.

Chop suey mess

Richard Harden, editor of *Harden's London Restaurants*, recently took a call from what sounded like a noisy City office. Caller: "What's the best Chinese restaurant in London?" Harden: "Money no object?" Caller: "Sounds good - what's its number?"

Financial Times

100 years ago

Horseless carriages The first ordinary meeting of the British Motor Syndicate, Limited, was held yesterday. Mr Harry J. Lawson, the chairman, said: "To-day I have to announce a dividend - the first in the horseless carriage industry - of 10 per cent, an interim which I hope before the end of the year will be considerably more than 30 per cent. We are the patent company of the horseless carriage industry. We have the oldest and the most valuable patents, which include all improvements in every little detail of the auto-car, and to-day we are negotiating for everything which a committee of expert engineers recommends to us as valuable in securing a motor monopoly on which we can charge substantial royalties."

50 years ago

Pact with Portugal At last the news is released of the signing of a monetary pact between Great Britain and Portugal. This pact with our oldest Ally virtually completes our monetary agreements with Europe - though Spain, for obvious reasons, still lies outside the family circle. The agreement with Portugal provides a basis for further trade development, including reasonable imports of a beverage highly and rightly esteemed in Great Britain.

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# FINANCIAL TIMES

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## £938m package aims to support British livestock industry

### UK to contest beef ban in court

By George Parker in London, Neil Buckley in Brussels and Andrew Jack in Paris

The UK government yesterday announced plans to challenge the European Union's ban on British beef exports in the courts, as it unveiled a package of measures worth more than £900m (£1.4bn) to support the domestic livestock industry.

Mr Douglas Hogg, agriculture minister, said it would take Britain's case to the European Court in the near future, and claimed the court could issue an interim ruling on the ban within a matter of weeks.

Meanwhile Mr John Major, the prime minister, plans to step up the diplomatic pressure in a series of meetings with EU leaders at Friday's meeting in Moscow of the Group of Seven leading industrial nations.

Mr Hogg yesterday announced in the House of Commons details of a sweeping package of measures to help the beef industry, costing £538m in its first year and over £500m in following years.

The main component is a scheme to stop cattle aged over 30 months from entering the food chain. About 15,000 older cattle - mainly dairy cows - are brought for slaughter every week and used in products such as meat pies and soup.

Under the Ministry of Agriculture scheme, farmers will be paid just under £500 for each animal, which will then be destroyed. The programme will cost £500m a year, of which 70 per cent will be funded by the EU, and will continue for the foreseeable future.

Mr Hogg also announced a £110m one-off package to help the abattoir industry, which has accumulated huge stocks of unsold beef since BSE, or mad cow disease, was linked to the fatal human condition, Creutzfeldt-Jakob disease.

Of this £110m, £80m will be spent on clearing unsold stock, which will be bought into intervention at a valuation of 65 per

cent of the pre-crisis market price. The remaining £30m will be paid to abattoirs according to the number of cattle they slaughtered last year.

A survey of the abattoir industry by Coopers and Lybrand, commissioned by Mr Hogg, found chronic over-capacity in the sector even before the BSE crisis began last month.

Mr Hogg said: "The substantial package of support I have announced should provide a breathing space during which companies can adjust to the new market circumstances and make rational decisions about their future operations."

The final element of the aid package is the payment of up to £80m to kill young male calves from dairy herds to prevent future beef guts and an £80m top-up payment to specialist beef herds whose cattle normally take more than 30 months to reach maturity.

Some £118m in aid to the rendering industry, which disposes of carcass waste, was announced by Mr Hogg earlier this month.

The government's decision to challenge the European beef ban was dismissed as counter-productive by one senior EU official. "This will play into the hands of those in Europe who want to prolong the ban as long as possible," Mr Hogg's argument that the ban was not justified - citing the comments of Mr Franz Fischler, EU agriculture commissioner, that British beef was safe - was dismissed in Brussels. "If the UK wants to challenge it, that is their right. But we are quite satisfied with the legality of it," a Commission spokesman said.

Mr Major yesterday wrote to European leaders protesting at the beef ban and requesting meetings on Friday in Moscow. He hopes to have talks with Mr Jacques Santer, the Commission president, Mr Helmut Kohl, the German chancellor, Mr Jacques Chirac, the French president, and Mr Lamberto Dini, the Italian prime minister.

Further out on menu Page 15; Data with disaster Page 14

## Italy's parties vie for Catholic support

### Venomous exchanges between right and centre-left in run-up to election

By Robert Graham in Rome

Italy's political parties are fighting for the allegiance of Catholic voters in the final days of the country's general election campaign.

The two broad alliances of the centre-left and right are both claiming to be the true repositories of the Catholic vote - traditionally about a third of the electorate.

The need to win the allegiance of the voters has led to venomous exchanges between Mr Silvio Berlusconi, leader of the right-wing alliance, and Mr Romano Prodi, head of the centre-left grouping.

It began with Mr Berlusconi claiming in a television interview that his alliance, and especially his Forza Italia movement, best represented Catholic values. He also claimed 40 per cent of practising Catholics had voted for Forza Italia in the last election in 1994.

In reply, Mr Prodi, identified with the left of the Catholic

world, gave an interview to the mass-selling weekly *Famiglia Cristiana* and claimed Mr Berlusconi had got rich by peddling sex and violence on his Fininvest television channels. He insinuated that Mr Berlusconi was scarcely a model Catholic, his five children coming from two marriages.

The skirmish underlines the confusion over what constitutes the Catholic vote. Since the collapse of the long-ruling Christian Democrat Party in 1992, this part of the electorate has lost its central point of reference and the Catholic Church has been divided over how to counsel voters.

The former Christian Democrats are now split into at least five groupings. One study of candidates for the 630 seats in the chamber of deputies in this election has shown 136 former Christian Democrats standing for the centre left and 177 for the right.

Those on the right, allied with Mr Berlusconi, are in twenty parties - the Christian Democratic Centre (CCD) and the Christian Democrat Union (CDU),

the latter headed by Mr Rocco Buttiglione, a Catholic philosopher with close ties to the Pope.

Both the CCD and CDU are very wary of the presence in the Berlusconi camp of Mr Marco Pannella's Radicals who favour abortion. Their presence makes it difficult for the conservative elements in the church to encourage a vote for the right.

The bulk of Christian Democrats, reformed as the Popular Party (PP) are an integral part of the centre-left Olive Tree Alliance. The PP has sponsored the leadership of Mr Prodi and has the clear sympathy of the progressive side of the church.

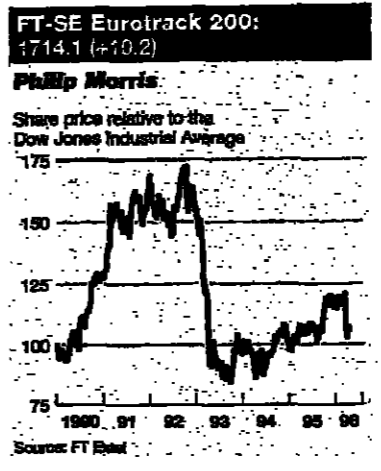
The Catholic vote on the left can tolerate an alliance with the Party of the Democratic Left (PDS), the dominant element in the Olive Tree. But the PP is reluctant to endorse a formal pact with the old hardline communists of Reconstructed Communism.

There is thus no easy outlet for a Catholic voter except a compromise.



## THE LEX COLUMN

### Smoke signals



Looking at Philip Morris' profit figures, it is easy to forget the US cigarette industry is being forsaken by consumers and besieged by litigants. Of course, the marginal increase in US cigarette sales in the first quarter was a hiccup in a steady decline. But given that Philip Morris achieved a 7 per cent increase in shipments, against a market increase of just 2 per cent, its competitors are taking the pain. Meanwhile, its international operations are growing far faster than the likes of BAT Industries.

Indeed, the food business, which was supposed to provide the higher growth and market rating to offset an ailing tobacco business, is holding it back. A demerger is firmly off the agenda, following Mr Bennett LeBow's failed attempt to break up RJR and Nabisco. But given Kraft's lacklustre performance, and the lowly rating it would attract, it is unclear whether there would much hidden value to be unlocked by a split.

Nevertheless, Philip Morris' 37 per cent discount to the market, based on its prospective price-earnings ratio, looks excessive. Even after capital expenditure and an expected 20 per cent dividend increase, the group should produce \$8.6bn of free cash flow this year, which will be used for earnings enhancing share buy-backs. This should be enough to offset the smoke of litigation.

stake less than a year later looks like financial madness. But it might not be as silly as it looks. Prices have risen substantially since Southern's bid for Swab - one of the less absurdly inflated in the sector. And Southern should not be short of buyers - even ignoring the option of floating the stake to passive investors. One possibility would be a US power company, under pressure to invest abroad but too small to gobble up a whole company on its own. Another would be a UK generator especially if it could wangle a deal giving it effective control of Swab's supply business, adding to its vertical integration on the cheap.

### South Africa

Mr Trevor Manuel, South Africa's new finance minister, says his job is like playing hopscotch in a minefield. What he does not say is that some of the mines are already exploding; the rand is taking a sustained battering, which shows few signs of abating. The recent fall owes less to economic fundamentals, and more to speculation mixed with a vague, probably unjustified lack of confidence.

This is a baptism of fire for Mr Manuel. But it is also a chance for him to seize the initiative - by taking the next step in hitting South Africa's exchange controls. With the markets desperate for a convincing sign of Mr Manuel's intentions, now is the time for a bold move. If you are planning to hop among mines, there is something to be said for setting some off before you start.

Just as interesting is what Southern might do with the proceeds. The company has formidable resources - and has recently secured an increase in the regulatory limit on its freedom to invest overseas. And given that it has ruled out the most obvious modestly sized bid it might make - for South West Water - there is a good chance that it is after something big. But as those who took a punt yesterday on a Southern bid for South West now know, guessing-games like these can easily result in burnt fingers.

### Southern/UK utilities

What is Southern Company up to? Last summer it snapped up South Western Electricity, paying a healthy premium for control in the process. At first glance, selling a big minority

### Redland

Redland's perennial problem has been that its ambitions exceeded its cash flow. The reorganisation of its roof tile interests goes some way to remedying that. By merging its wholly-owned roofing operations with those of Braas of Germany - in which it has a 51 per cent stake - the combined business can use Braas's tremendous cash flow for expansion. Redland is also extracting a one-off £220m payment, and in future it can force Braas to pay out 75 per cent of its

## Lebanon ceasefire plan Yeltsin chases votes

Continued from Page 1

direct challenge to the fragile political consensus that Mr Hariri has established since he assumed power in 1992. Mr Hariri has overseen the disarmament of all Lebanon's warring factions but Hizbollah, widely seen throughout Lebanon as legitimate resistance to foreign occupation, has remained armed. Syria, which maintains a strategic alliance with Iran, acts as a conduit for logistics to Hizbollah

and has considerable influence over its activities.

Agreement by Mr Hariri to the Israeli-US terms of ceasefire would be seen as a serious compromise of Lebanese sovereignty and its right to resist occupation. It would inevitably provoke an internal political crisis in Lebanon and Hizbollah, a Shia Muslim fundamentalist group backed by a large part of the Lebanese population, would fiercely resist being disarmed. Its support appears to be growing.

Continued from Page 1

toward the symbols and promises of the left. Mr Yeltsin earned a warmer endorsement from Russia's financial elite in Moscow.

Mr Yagor Alekperov, president of Lukoil, Russia's most powerful oil company, forcefully backed Mr Yeltsin and warned that a communist victory could cripple the country's nascent market economy.

"All my efforts are aimed at ensuring Yeltsin's re-election,"

Mr Alekperov said. "If Yeltsin's main rival, the communist leader Gennady Zyuganov comes to power then it will bring a change not only of the country's political course but also of its economic course."

The oil baron warned that the communists' vague talk of renationalisation had already frozen the price of Lukoil shares and could have international ramifications because of the substantial western stakes held in some Russian companies, including Lukoil.

### FT WEATHER GUIDE

#### Europe today

Cold air from the Atlantic will move across the British Isles, bringing showers, sunny spells and windy conditions to much of the region. A wide area from Spain through to France, the Benelux and the North Sea will be cloudy with showers, with southern France having the most rain. The south of the Iberian peninsula will remain dry with widespread sunshine, and high pressure will cause sunny, mild conditions in most of Germany, Poland and the Baltic states. Low pressure will bring widespread cloud and rain to the Balkans, Ukraine and Turkey.

#### Five-day forecast

A wide area from Portugal, through France and up to Scandinavia will be cloudy with showers. Central Europe will remain dry and sunny. The eastern Balkans will be wet until Saturday, while western areas will become dry with occasional sunshine. Springlike conditions will prevail in Poland and the Baltic states, and Greece will have some showers.

Warm front, Cold front, Wind speed in KPH

TODAY'S TEMPERATURES					
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Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

## CLASS OF ITS OWN

Until now, choosing a portable PC could mean compromising on power and flexibility. Eonex's NB-500/1 notebook changes all that. Even the basic specification of the NB-500/1 offers PC Pentium power and a colour screen. And its modular design means that despite its small size and light weight, users benefit from a wide range of alternative configurations, including an optional CD-ROM drive. This Notebook has been designed to beat the best in the world, matching the versatility and processing speed of much bigger and heavier machines. Its Pentium processing power, multimedia capabilities, upgradeability and performance certainly puts the NB-500/1 in a class of its own.

**NB-575/1**  
75MHz Pentium Processor  
8MB RAM (expandable to 40MB)  
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3.5" diskette drive  
540MB removable hard disk drive  
NMH battery and AC adaptor  
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Compact and light - 297 x 228 x 50mm and 2.9kg  
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1.2GB removable hard disk drive  
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Financing available  
For NB-575/1  
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سكوا من الأصيل





COMPANIES AND FINANCE: EUROPE

Easdaq plans to list 20 groups this year

By Clive Cookson in Amsterdam

Easdaq, the new Europe-wide stock exchange modelled on the US Nasdaq, expects to list about 20 companies when it opens in September and to add 20-30 more in its first year of operation.

biotechnology at the annual European Life Sciences Conference in Amsterdam yesterday.

Mr Peeters had promised a year ago that Easdaq would be up and running last January, but its launch was delayed by technical and legal difficulties.

Easdaq, based in Brussels, is financed by a consortium of European and US banks. Trading will be quote-driven, with marketmakers on both sides of

the Atlantic displaying prices on the network of the International Securities Market Association, currently used for eurobond trading.

Easdaq plans to start by giving a dual listing to 20 companies already quoted on Nasdaq. Its requirements were modelled on the US exchange's rules for small capitalisation stocks, Mr Peeters said, to make dual listing as painless as possible.

Easdaq plans to concentrate in its first year on initial public offerings for private companies. The medium-term goal, said Mr Peeters, was "to create

a market that can live through the next recession".

Easdaq's competitors include the national stock markets, particularly London, which are trying to become more hospitable to young, high-technology companies, and new local markets for smaller companies such as the UK's Alternative Investment Market and Le Nouveau Marché in France.

A director from one of two French biotechnology companies, Genset and Transgene, that are expected to go for dual listing on Nasdaq and Le Nouveau Marché this year, said that pressure from the French

government on Paris financial institutions would ensure Le Nouveau Marché got off to a good start, though he predicted that it would soon be crippled by low liquidity.

Comment at the Amsterdam conference suggested that many European biotechnology companies will welcome Easdaq because they are dissatisfied with other options for going public. London and other national exchanges are regarded as unfriendly to companies from different European countries, while servicing a Nasdaq quote in the US takes too much management time.

Surprise statement hits Ericsson share price

By Hugh Carnegy in Stockholm

Shares in Ericsson, the Swedish telecommunications group, fell 4 per cent in late trading yesterday after a surprise statement by the company on first-quarter sales sparked a new round of investor worries about prospects for the mobile telephone industry.

NEWS DIGEST

Banesto records 47% improvement

Spain's Banesto banking group, which came under the control of Banco Santander two years ago after the country's largest bank rescue operation, reported a 47.5 per cent improvement in attributable first-quarter net profit to Ptas.98bn (\$56m). The result included net extraordinary gains of Ptas3.6bn, five times 1995's first quarter figure. Among other reasons for the profit increase, which was in line with Banesto's targets and analysts' expectations, the bank cited a reduction in costs, selective growth in its lending portfolio and recovery of non-performing loans. Operating profits climbed 79 per cent to Ptas10.43bn. Clients' funds were 7.5 per cent up at Ptas2.98bn, while loans showed growth of just over 6 per cent, to Ptas2.98bn.

Brewer seeks share issue delay

Brau and Brunnen (BB), the German brewing group, has formally applied to a Polish court to postpone a share issue by the listed Okocim brewery. The case is the country's first big test of the ability of local courts to protect investors' rights. BB, which faces losing its position as the strategic investor in Okocim, is contesting the legality of the issue in the first dispute involving a large foreign investor in a listed Polish company.

The issue, which closed last week, has seen Carlsberg, the Danish brewer, take 7m shares worth 127.4m zlotys (\$38.6m), giving it a 31.8 per cent share in Okocim and wall, if the issue is registered, lower the German brewer's share to 14 per cent from its present 25 per cent.

BB said it was tricked into dropping its right to a 25 per cent share of the 10m share issue and has been trying to get the courts to rescind the issue and force management to hold a new shareholders' meeting.

PreussenElektra ahead

PreussenElektra, Germany's second largest electricity-generating company and a subsidiary of the Veba conglomerate, announced a 3 per cent rise in profits in 1995 to DM1.06bn (\$701m) on turnover flat at DM15.9bn. Mr Hans-Dieter Harig, chief executive, said increased sales in eastern Germany, which rose 2.9 per cent, and a 6.3 per cent growth in sales at V&R, its west German power plant subsidiary, accounted for the boost in profits.

Sales in western Germany declined 1.2 per cent. The total volume of PreussenElektra's electricity sales in 1995 increased by 0.7 per cent to 98.5bn kWh. In 1995 PreussenElektra made investments of DM4.7bn, the bulk of these in plant modernisation. PreussenElektra said it was interested in increasing its existing 10 per cent stake in Bewag, the Berlin electricity distributor.

Vendex advances

Vendex International, the Dutch retail and services group, announced an 8 per cent rise in net income to F1.415m (\$243m) on sales of F1.113bn for fiscal 1995/96, in the first full-year statement since its bourse listing last June. It will pay a dividend of F1.50 a share. Operating income advanced by 20 per cent to F1.42m. The increase was entirely a result of real estate transactions, which added F1.12m to earnings.

David Brown, Amsterdam

Henkel lifts payout

Henkel, the German chemicals group, said it would propose a 1995 dividend of DM11.5 on its preferred shares, up from DM11 a year earlier. The company also said it would pay a dividend of DM10.8 per common share, up from DM9 in 1994. Sales at the group's domestic units climbed 3 per cent to DM5.09bn (\$3.37bn), while sales at the foreign units amounted to DM9.10bn, little changed from the year earlier.

APX News, Düsseldorf

Institutions let votes do the talking at UBS

Small investors' concerns about jobs dominated yesterday's AGM, writes Ian Rodger

Switzerland's large investing institutions are beginning to throw their weight around with the companies in which they have large shareholdings.

But they have not yet shown any willingness to make their arguments in public.

The recent struggles over the direction of Union Bank of Switzerland, culminating in a proxy battle at yesterday's annual shareholders' meeting, indicate the problem.

There is no doubt that leading Swiss institutions have become increasingly unhappy about the governance of UBS in the past couple of years.

They fear that the bank's directors and senior managers have not been responding quickly enough to the challenges posed, both by increased international competition and by overcrowding in the Swiss market.

They are also upset at the UBS leadership in particular for being unable to deal effectively with a series of challenges from the bank's largest shareholder, the maverick Zurich broker, Mr Martin Ebner.

One such investor said privately yesterday that while the small regional banks in Switzerland were all well advanced in restructuring themselves, the big banks did not seem yet to have got the message.

He wondered if the existing managers were up to the job, and worried that Switzerland as a whole would suffer unless the banks woke up fairly soon. He and other institutional investors are increasingly willing to express their



Martin Ebner: attacked 'illusion of a trade-off between good employer and profitable enterprise'

concerns directly to company managements, and it is known that they have spoken to UBS directors in recent weeks.

However, they have kept their heads firmly out of public view. When asked by the media in recent weeks how they would vote their UBS shares, most said they had not

yet decided. But at the UBS shareholder's meeting in a suburban Zurich ice hockey stadium, this and other concerns about the bank were scarcely to be heard.

The shareholders who chose to speak were mostly concerned about potential job losses, and argued that the

bank had responsibilities to the community as well as to its shareholders.

Since the idea of a merger of UBS and CS Holding, the group built around Credit Suisse, was mooted last week, there has been widespread public alarm about

thousands of possible job losses. UBS leaders exploited the situation well.

Mr Robert Studer, who was elected the new chairman of the bank yesterday, told shareholders: "It has recently become fashionable throughout the business community to regard staff-cutting as the number one priority for management."

"The best companies are not those who cut the most staff but those who create new jobs while at the same time achieving higher earnings per employee," he said.

Mr Martin Ebner, the maverick Zurich broker whose BK Vision investment fund is UBS's largest shareholder, protested at the cynicism of UBS managers who "instil the illusion of a trade-off between a good employer and a profitable enterprise". But it was not a message that anyone wanted to hear.

Even those who criticised the bank's management, such as the manager of a Geneva school teachers' pension fund, attacked mainly on the basis that the bank was eliminating jobs in French Switzerland and creating them only abroad.

UBS's smaller shareholders were obviously frustrated by the absence of the big institutions.

One suggested, to applause, that anyone with a more than 0.5 per cent holding should be obliged to state his position on the important issues.

The Swiss like things to be clear and straightforward, so it would not be surprising to see such an innovation in the near future.

Table with columns for 10 hour period, Pool, and other financial data. Includes a note: 'Prices for electricity quantities for the purposes of the electricity pooling act in England and Wales'.

Caisse Centrale de Crédit Immobilier 3CI. Floating Rate Notes 1998. Notice is hereby given that for the interest period 15 April 1996 to 15 July 1996 the notes will carry an interest rate of 6.3125% per annum.

N.V. Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company). ANNUAL GENERAL MEETING OF SHAREHOLDERS. Shareholders are invited to attend the Annual General Meeting of Shareholders on Wednesday May 15, 1996, at 10.30 a.m. in the "Nederlands Congresgebouw", 10 Churchilleplein, The Hague, The Netherlands.

ABN-AMRO Holding N.V. established in Amsterdam. GENERAL MEETING OF SHAREHOLDERS. The annual General Meeting of Shareholders of ABN AMRO Holding N.V. will be held at 22, Foppingadreef, Amsterdam-Zuidoost at 2.00 p.m. on Friday, 3 May 1996.

Handwritten Arabic text: صكنا من الالصل

سكزا من الراجل

# STRENGTH AND ENDURANCE: DIAMONDS AND DE BEERS

## POINTS FROM JULIAN OGILVIE THOMPSON'S 1995 CHAIRMAN'S STATEMENT



1995 was a testing time for De Beers and the worldwide diamond industry which it serves. Once again it has met these challenges, demonstrating the flexibility of a system of single channel marketing which has endured for more than 60 years.



At the beginning of 1995 prospects for the industry were perceived in some quarters to be clouded by uncertainty. By the year's end, however, the De Beers Central Selling Organisation (CSO) was able to declare record sales of US\$4,531 million, an increase of 6.6 per cent on the previous year. Its sales policy and management of the market revived confidence in the cutting centres, which led to rising prices for larger rough and polished gem diamonds.



Following protracted negotiations, a major cause of uncertainty was dispelled when De Beers and the Russian government signed a memorandum of understanding governing a new sales contract. This memorandum is good for De Beers, good for the Russian diamond industry, good for diamond producers and for all constituents of the industry, including the consumer.

CSO sales for the first half of 1995 were encouraging, although the market was disrupted by continuing sales of cheap small goods which bypassed the single channel market. By June the CSO had brought the market in larger goods back into balance through its outside buying activities as well as tighter distribution, enabling it to increase the price of these diamonds. At the same time prices of the smaller, cheaper qualities were reduced in line with the market. Strong demand for larger goods continued in the second half, enabling the CSO to announce a further price increase of an average of 5 per cent for gem diamonds of two carats and above.



Despite a difficult trading year De Beers was able to announce increases of 11 per cent to US\$624 million in attributable earnings, of 18 per cent to US\$986 million in equity accounted earnings and an increase of 10 per cent in combined dividends for 1995.



De Beers' equal partnership with the Botswana government in Debswana Diamond Company, the world's largest producer by value, continues to prosper to the benefit of all concerned and there was a further increase in Debswana's total production to

16.8 million carats. Our year-old equal partnership with the Namibian government in Namdeb Diamond Corporation is developing encouragingly. The mining of off-shore areas by Debmarine already accounts for more than one third of Namdeb's total production; and technological advances to allow the mining of lower grade deposits are extending the deep sea reserves. In Angola De Beers has been awarded prospecting rights by the Angolan government.



In 1995, stimulated by De Beers' worldwide promotional campaign, more people acquired more diamond jewellery, spent more money and bought more polished carats than ever before. Preliminary figures suggest that the value of diamond jewellery sales increased by 5 per cent in 1995 to another record level. De Beers is confident that, given the right economic conditions, consumer demand will continue to grow.

*The full Chairman's Statement and the Annual Reports of De Beers Consolidated Mines and De Beers Centenary for the year ended 31st December 1995 have been posted to registered shareholders. Copies may be obtained by writing to the London Secretary at the address below.*

# De Beers

A diamond is forever

Additional Interest Statement Disney Enterprises, Inc.

(formerly The Walt Disney Company)\* U.S. \$400,000,000 Senior Participating Notes Due 1999

Financial Statement for the period from September 1, 1995 to February 29, 1996 (the "Period")

Additional Interest Statement (the "Statement") is being furnished to Holders of such Notes of Disney Enterprises, Inc. (formerly The Walt Disney Company) (the "Company").

This Statement is an Annual Statement, this Statement is also accompanied by a descriptive report discussing the activity and status of Eligible Films.

- 1. Names of Eligible Films included in the Portfolio: a. For the Period: The Hunchback of Notre-Dame, The Hunchback of Notre-Dame, The Hunchback of Notre-Dame...

2. Names of short subjects to which any portion of Total Revenues has been allocated: a. For the Period: N/A

Table with columns: For the Period, From the Issue Date through end of Period. Rows include Aggregate Negative Costs of Eligible Films, Portfolio Amount, Aggregate Domestic Theatrical Rentals, etc.

If this Statement is an Annual Statement, the Company has indicated below whether any default by the Company in the performance and observance of its obligations...

Disney Enterprises, Inc. (formerly known as The Walt Disney Company)

Telefonaktiebolaget LM Ericsson (publ)

The Annual General Meeting of the Company will be held at the Victoria Hall, the Stockholm Fair at 5.00 p.m. on Wednesday May 8, 1996.

- 1. To present the Annual Report and the Auditors' Report. 2. To present the Consolidated Accounts and the Auditors' Report on the Group.

Shareholders intending to participate in the Annual General Meeting shall give notice of attendance to the Head Quarters of the Company, Corporate Legal Affairs, S-126 25 Stockholm, tel. no: +46 (0)8 719 3444 or 719 4498 between 10.00 a.m. and 4.00 p.m. daily, or by facsimile no: +48 (0)8 719 9527, not later than on May 3, 1996.

In addition to the above requirements, shareholders intending to participate in the Annual General Meeting must be entered in the share register by Værderegistreringscentralen VPC AB (Swedish Securities Register Centre) not later than on April 26, 1996.

Shareholders, whose shares are registered in the name of a nominee, must temporarily be entered into the share register in order to be entitled to participate in the Meeting.

The Board of Directors has proposed May 13, 1996, as the record day for payment of dividends. Provided this proposal is approved, the dividend is expected to be dispatched by Værderegistreringscentralen VPC AB on May 24, 1996.

April 1996 The Board of Directors.

E.T.B.A. FINANCE Financial and Economic Services S.A.

(Former Greek Export S.A.) A subsidiary of ETBA S.A.

ANNOUNCEMENT OF A PUBLIC AUCTION FOR THE HIGHEST BIDDER FOR THE PURCHASE OF THE TOTAL ASSETS OF INTERNATIONAL TOURIST INVESTMENTS S.A. NOW UNDER SPECIAL LIQUIDATION

ETBA FINANCE S.A., established in Athens at 1 Epanastasiou & Vas. Constantinos Streets, in its capacity as special liquidator of INTERNATIONAL TOURIST INVESTMENTS S.A., in accordance with Decision No. 743/1996 of the Athens Court of Appeal...

ANNOUNCES a public auction for the highest bidder with asset, bidding offers for the purchase of the assets of INTERNATIONAL TOURIST INVESTMENTS S.A. (IPOKRAOTOS MELATHRON Hotel) established in Athens.

TERMS OF THE ANNOUNCEMENT

- 1. The auction will be carried out in accordance with the provisions of article 464 of Law 1892/1990 complemented by article 14 of Law 2009/1991 as not in force...

For any further information on the company for sale, interested buyers may refer to the relative Offering Memorandum, which may be obtained from our offices at 1 Epanastasiou Street, 4th floor, Athens, Greece, tel: +30-1-726.0210, 726.0278, 726.0291 and 726.0506. Fax: +30-1-726.0864.

COMPANIES AND FINANCE: EUROPE

Strong sales lift VA Tech 37%

By Eric Frey in Vienna VA Tech, the Austrian plant engineering group, lifted its group net income 37 per cent last year from Sch599m to Sch1,340m (\$1,260m).

by adding a bonus of Sch4 to last year's payout of Sch24. The shares closed up Sch5 at Sch1,390, after earlier hitting Sch1,406.

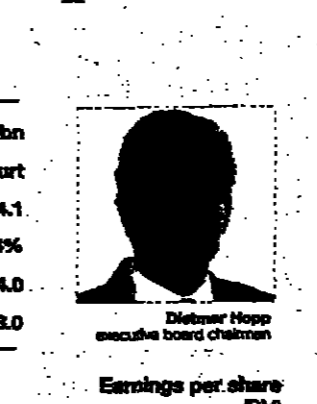
The share of VA Tech sales in east Asia rose from 9 per cent in 1993 to 27 per cent last year. Seven per cent of sales went to the Americas.

Korea, and the company had orders for seven further Correx projects after only one year, the chairman said.

SAP share price slips as analysts' forecasts queried

By Wolfgang Münch in Frankfurt A senior executive of SAP, the German business software group, has suggested that some analysts' profit forecasts were over-optimistic, prompting a 7 per cent fall in the share price yesterday to DM188.

COMPANY PROFILE: SAP Market capitalisation \$7.9bn Main listing Frankfurt Historic P/E 134.1 Gross yield 4.34%



Gambro pays \$75m for US renal care group By Hugh Carnegie in Stockholm Gambro, the Swedish medical technology group, yesterday moved to strengthen its position in global renal care markets by purchasing the US kidney dialysis company American Outpatient Services Corporation for a sum understood to be around \$75m.

Mr Peter Thilo Hasler, an analyst at Vernebank Research, said: "This is not even the end of the correction. From a chartist's point of view, the shares are catastrophic. SAP is of course a solid company, but is essentially a one-product company, a product that everybody knows."

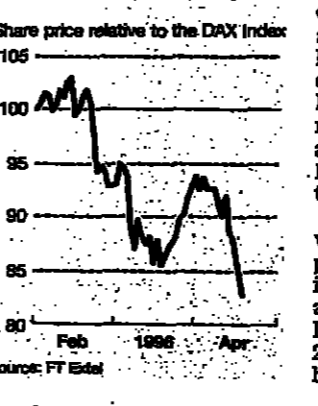
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Holzmann loss shocks market

By Andrew Fisher in Frankfurt Shares in Philipp Holzmann, Germany's largest construction company, fell sharply yesterday after the surprise news that problems in the property market had caused heavy losses in 1995.



rental values and land prices. Barclays de Zoete Wedd's Frankfurt research team described the Holzmann news as "shocking". While the company had indicated two months ago that profits would be lower because of its project and road-building business, it had made no hint of a loss.

At UBS in Frankfurt, Mr Ingebert Faust, an equities analyst, said the announcement of the 1995 net loss of DM360m (\$538m) could also weaken Holzmann's defence case against the takeover bid by Hochtief, its German rival. The news "can hardly be seen as strengthening Holzmann's case for independence."

However, most other construction companies are not in as poor shape as Holzmann, which is heavily involved in property development and is therefore affected by falling

rental values and land prices. Barclays de Zoete Wedd's Frankfurt research team described the Holzmann news as "shocking". While the company had indicated two months ago that profits would be lower because of its project and road-building business, it had made no hint of a loss.

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FIDELITY SPECIAL GROWTH FUND Société d'Investissement à Capital Variable. B.P. 2174-L-1021 Luxembourg. R.C. No B 22250. DIVIDEND NOTICE: At the Annual General Meeting held on March 28, 1996, it was decided to pay a dividend of US\$ 0.05 (cents) per share on or after April 26, 1996 to shareholders of record on April 4, 1996.

CREDIT LOCAL DE FRANCE FRF 750,000,000 REVERSE FLOATER BONDS DUE 2000 ISIN CODE : X50043078954. For the period April 15, 1996 to October 14, 1996 the new rate has been fixed at 0.54395 % p.a. Next payment date: October 14, 1996. Coupon nr: 6. Amount: FRF 474,85 for the denomination of FRF 100 000 FRF 474,46 for the denomination of FRF 100 000.

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LEGAL NOTICES

CENTERCORE (UK) LIMITED (in liquidation) NOTICE is hereby given that the Creditors of the above named company are required on or before the 8th day of May 1996 to send their names and addresses and particulars of their debts or claims and the names and addresses of their solicitors (if any) to David John Patten, of Bodcot House, 1 Lambton Palace Road, London SE1 7EU the Liquidator of the said company, and if so required by notice in writing from the said Liquidator, by their solicitors or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they shall be excluded from the benefit of any distribution made before such debts are proved. Dated this 28th day of March 1996 Liquidator

Reports of the undermentioned companies for the quarter ended 31 March 1996 were released to the relevant Stock Exchanges yesterday and have been published in the press in South Africa today: Deelkraal Gold Mining Company Limited Driefontein Consolidated Limited Kloof Gold Mining Company Limited Gold Fields Coal Limited Norrham Platinum Limited Copies of the reports will be posted to all shareholders of the companies, but are also available to the public from the London Secretaries, Gold Fields Corporate Services Limited, Greencourt House, Francis Street, London SW1P 1DH. 17 April 1996

Capital expenditure slips at Gold

China studies Telecoms propo

COMPANIES AND FINANCE: ASIA-PACIFIC/INTERNATIONAL

NEWS DIGEST

Capital expenditure slips at Gold Fields

Gold Fields, the most troubled of South Africa's gold mining houses, reported a modest increase in operating profits for the March quarter, but this was not enough to finance an increase in capital expenditure at its ailing mines. After-tax profit was R297.9m (\$70.7m), compared with R268.1m in the previous quarter.

Analysts said higher capital expenditure - which fell from R215m to R195m, after reductions at all three of the group's mines - was vital to prolonging the working lives of the mines.

Higher bullion prices were reflected in an average gold price received of R47,945/kg against R45,202 in the previous quarter. However, production for the period, which runs from December 18, was disrupted by the Christmas break and tons milled declined to 2.63m from 2.81m.

Mark Ashurst, Johannesburg

BHP-Vietnam talks continue

Broken Hill Proprietary, the Australian and minerals group, was yesterday still locked in talks with Vietnamese state oil agency PetroVietnam about the future of its stake in the offshore Dai Hung oilfield. It has now missed a deadline for a decision on whether to pull out. The Australian company wants the terms of its revenue-sharing contract with PetroVietnam altered to reflect dramatically lower than expected reserves at the field, which was once considered Vietnam's most promising.

Production has dropped to about 12,000 b/d from 35,000 b/d since the field started producing crude oil in October 1994. BHP is understood to be looking for a change in the tax structure in the contract it signed with the Vietnamese in 1993, in order to enhance the financial returns.

Melbourne-based BHP has a stake of around 44 per cent stake in the field, with the rest held by PetroVietnam. Total of France, Malaysia's state-owned Petronas and Sumitomo Corp of Japan.

Jeremy Grant, Hanoi

Jakarta SE board ousted

Shareholders at the Jakarta Stock Exchange have ended months of bitter political warring between the exchange and Indonesia's capital markets supervisory board by electing a new board of directors with a strong technical background. Market participants hope the move will spur the process of modernising the exchange's trading activities.

Mr Cyril Noerhadi, the former director of the exchange's clearing desk, has been elected president-director. He heads a team which includes two of the exchange's current directors, Mr Fella Salm and Mr Mas Achmad Daniri, as well as Mr Edwin Stamboul, a director of a local securities house.

The elections caused controversy because the previous board of directors was voted in only a year ago. Bapepam, the capital markets supervisory board, has also been accused of calling the elections to get rid of directors it did not agree with, although the supervisory board insists the elections were necessary to conform with new capital market laws.

Manuela Saragosa, Jakarta

Coles executive's role expanded

Mr Dennis Eck, the US retail executive brought in two years ago to run the supermarket operations of Coles Myer, Australia's biggest stores group, was yesterday given responsibility for Coles' entire retail operation. Mr Eck, who moved to Coles from California-based Yonkers Supermarkets, will also join the Coles Myer board, which was revamped last year in the wake of concerns over corporate governance standards within the group.

Coles has seen a number of top-level departures recently. Among the long-standing Coles executives who departed were Mr Peter Wilkinson, head of the department store group and the newly-formed "options shopping" division, and Mr Bob Dalziel, who ran Coles' discount stores unit.

Nikki Tait, Sydney

GMK behind after nine months

Gold Mines of Kalgoorlie, one of the Australian mining companies in Mr Robert Champion de Crespigny's Normandy stable, yesterday reported an improved A\$10.7m (US\$6.5m) profit after tax (but before abnormal) for the three months to end-March.

However, this still leaves net profits for the first nine months of the financial year at A\$18.9m, almost half the A\$35.4m seen in the same period a year ago. GMK said the March quarter saw gold sales of 111,570 ounces, at an average realised price of A\$610 an ounce, with operating costs falling from A\$490 an ounce in the previous quarter to A\$415. The December quarter was affected by disruptions to activity at the Finiston SAG mill.

Nikki Tait

Seven Network purchase cleared

Shareholders in Seven Network, the Australian television commercial network, yesterday approved the purchase of the privately-owned Golden West Network from Mr Kerry Stokes, the Perth-based media entrepreneur, for around A\$70m. Mr Stokes already owns about 20 per cent of Seven. Golden West is the only TV broadcaster in Western Australia.

Nikki Tait

Telstra to take ISSC stake

Telstra, Australia's large government-owned telecommunications group, is to take a minority stake in ISSC Australia, the information technology joint venture set up between IBM Australia and Lend Lease two years ago.

Nikki Tait

China studies UK telecoms proposal

By Tony Walker in Beijing and John Piddling in Hong Kong

The Chinese government is assessing British Telecom's planned £34bn (\$51.3bn) merger with Cable and Wireless, which owns 57.5 per cent of Hongkong Telecom. An official of China's ministry of post and telecommunications said yesterday the government could not indicate its stance at this stage.

He said earlier comments by a spokesman for the ministry, in which he appeared cool on the merger, were "his own view" and did not necessarily reflect Beijing's position.

Beijing's blessing for the merger, either conveyed explicitly or implicitly, will be critical because of the importance of Hongkong Telecom to the eventual deal.

"We are still in the process of assessing the consequences

of a possible merger. We are not sure what the attitude of State Council [cabinet] will be," the official said.

His comments came just a few days after a visit to Beijing by a high level British Telecom team led by Mr Alan Rudge, its deputy chief executive. Mr Rudge's discussions with senior Chinese ministry representatives are understood to have been "encouraging".

Hongkong Telecom is poised to play an increasing role in mainland telecommunications after China's takeover of the colony in mid-1997. British Telecom would regard Hongkong Telecom's entry into the lucrative China market as a valuable element of the merged enterprise.

Hongkong Telecom would also provide a platform for expanded services throughout the Asian region. China does not currently permit foreign telecommunications companies to become operators of mainland communications networks. However, it has not ruled out such a possibility in the future.

Higher costs drag Tsingtao to surprise 9.6% fall

By Louise Lucas in Hong Kong

Tsingtao Brewery, the first China enterprise to obtain a listing on the Hong Kong stock exchange, yesterday reported a 9.59 per cent decline in net profits, from Yn0.181bn in 1994 to Yn0.165bn (\$11.8m) last year. The result fell sharply below market expectations of around Yn0.19bn.

With production and sales growing strongly, the company blamed the fall in earnings on squeezed profit margins: the

cost of raw and perishable materials increased significantly during the year. Also, attempts to lure beer drinkers away from competing foreign brands meant the company spent a larger portion of profits on marketing. Tsingtao said its operating costs were almost Yn0.05bn higher than the previous year.

Shareholders, who have witnessed a number of disappointments since the initial public offering was 111 times oversubscribed in July 1993, are to

receive a reduced dividend of Yn0.08 compared with Yn0.09 in 1994.

Foreign brands such as Foster's, Carlsberg and San Miguel have poured into the mainland market in the past two years and, despite commanding a price premium of 50 to 60 per cent over Tsingtao, have attracted a strong following on the back of their perceived prestige. Tsingtao, the best-known domestic beer brand, has a market share of only 2.5 per cent, according to analysts.

Tsingtao's own efforts to win drinkers abroad have also faltered, partly because of the strong presence of brands like Tiger and Foster's in their respective home markets. At the time of its listing, Tsingtao stressed its export potential as a useful stream of foreign exchange - but one analyst calculates only around 5 per cent of its overall output is exported.

"They are making a painful adjustment to increased competition," he said. "Tsingtao is

not too good at competing with the savvy players from the west. But I think in time they will be able to adjust to the environment and share a better job."

Tsingtao is also thought to be burdened with under-performing acquisitions. Four transportation in Jiangsu makes it difficult to create a national brand, and Tsingtao has sought to buy up breweries throughout the country to improve its distribution. Yangzhou Brewery in Jiangsu

province, north of Shanghai, was bought in 1994 and is reckoned to be still making losses.

Mr Liu De Yuan, chairman, said the group also had plans to build a brewery with an initial annual production capacity of 100,000 tonnes in Shenzhen, across the border from Hong Kong. Late last year it invested Yn0.25bn in a joint venture in Xian, which now produces 60,000 tonnes a year.

Earnings per share fell 9.17 per cent from Yn0.12 in 1994 to Yn0.109 last year.

Consumer growth drives surge at SM Prime

By Edward Luce in Manila

SM Prime, the Philippines' largest shopping mall company, lifted net income by 49 per cent to 1.51bn pesos (\$27.6m) in 1995, on the back of rapid growth in the national retail market.

The company, which was listed on the Philippines stock exchange in 1994 but remains majority-owned by Mr Henry Sy, a leading Chinese-Filipino businessman, said revenues rose 24 per cent to 3.08bn pesos

last year. The 15 per cent growth in retail and personal consumption expenditure in 1995, and the rise in rentals charged to lessees in the company's five malls, contributed to the earnings surge.

Analysts say the company's plans to build another four malls in provincial capitals by 1998 - adding more than 400,000 sq m of retail space to its existing 1.1m sq m - would add 40 to 60 per cent to incremental revenues.

SM Prime, which owns the

largest shopping mall in Asia - Megamall, in Manila, at 331,000 sq m - recently unveiled plans to construct the "Mall of Asia" in Manila which, at 500,000 sq m, would overtake Minnesota's Mall of America to become the largest in the world. The mall will be built at a cost of 5m pesos.

"SM is becoming very popular with foreign portfolio investors because it is such a pure play," said Mr Lucio Sosa, chief researcher at All Asia Capital in Manila. "As a shop-

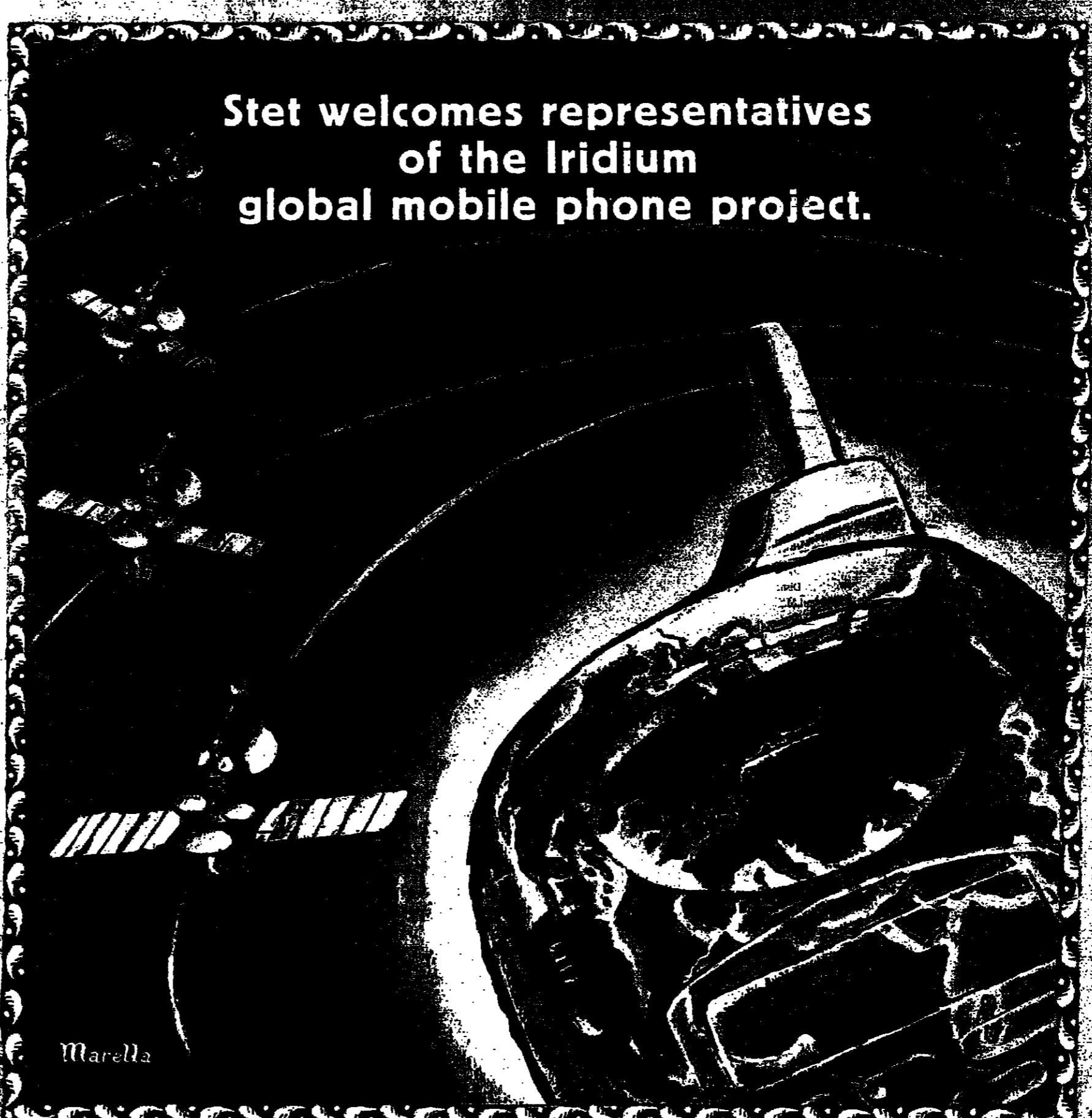
ping mall outfit it is easy to follow and is benefiting from the growth in retail spending. But its shares are pretty expensive in comparison with other companies."

At a price/earnings ratio of 43, SM Prime's shares are more than twice as expensive as the average p/e on the Philippine exchange. But the shares, which closed slightly down yesterday at 7.5 pesos, are trading at a 4 per cent discount to net asset value.

Analysts say the country's

buoyant retail sector is poised for a shake-out over the next two years if Congress - as expected - opens up the sector to 100 per cent foreign ownership later this year.

SM Prime, which has a 35 per cent share of Manila's mall market, is expected to benefit from the boost to demand provided by the entry of foreign department stores. Several companies, including Makro, of the Netherlands, and Marks and Spencer, of the UK, have expressed interest.



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STET Mobile Communications (Cape Town) Ltd, Cape Town, South Africa

STET Mobile Communications (Durban) Ltd, Durban, South Africa

سكوا من الأصل

COMPANIES AND FINANCE: THE AMERICAS

Chase surprises with 13% rise in revenues

By Richard Waters in New York

Chase Manhattan and Chemical Banking capped their recent merger with a 13 per cent jump in revenues in the first quarter of this year...

banks suffered declines in trading revenues, and, in the case of BancOne, reflect the results of an acquisition.

Table with 4 columns: Company, Net income (\$m), Eps (\$), 1995, 1996. Rows include Chase Manhattan, Citicorp, BancOne, Wells Fargo, First Interstate.

revenues produced a 44 per cent jump in operating earnings, to \$837m.

Mr Walter Shipley, Chase's chairman, said the results reflected a "solid, balanced performance" across the range of the group's businesses...

fuelled by growth in emerging market countries, with the bulk of the advance coming from its corporate banking activities.

US paper shares jump despite falls in profits

By Maggie Urry in New York

US paper companies' shares jumped yesterday as analysts took a more positive view of the sector despite further news of falling earnings...



Walter Shipley, Chase on track to meet performance targets

Helped by continuing share repurchases, which totalled \$700m in the period, the bank registered a 14 per cent advance in earnings per share...

Johnson & Johnson and Pfizer show growth

By Richard Waters

Johnson & Johnson and Pfizer reported revenue increases of 19 per cent and 15 per cent respectively for the first three months of the year...

rose 23 per cent to \$517m, or 81 cents a share.

By holding down the growth in its selling, marketing and administrative expenses to 16 per cent, Johnson & Johnson managed to lift its pre-tax profit margin to 21.1 per cent...

of Zoloft, an anti-depressant, to \$317m; and a 53 per cent increase in sales of Zithromax, a treatment for herpes, to \$159m.

Sprint rings up 39% advance in first quarter

By Tony Jackson in New York

Sprint, the US long-distance phone company which has formed an alliance with France Telecom and Deutsche Telekom of Germany, increased first-quarter earnings 39 per cent to \$312m, on revenues up 10 per cent to \$3.4bn.

Growth was strongest in long-distance telephony, with revenues up 14 per cent to \$2bn and operating income up 47 per cent to \$226m.

Sprint Spectrum, the wireless partnership set up with a group of US cable companies, incurred a pre-tax loss of \$17m in the quarter...

rose 5 per cent to 19.3m, while minutes of use rose 10 per cent.

climbed 22 per cent to \$116m in the period.

VA Technologie AG - Austria's largest integrated engineering group. Annual Report 1995. Key figures table showing Order intake added, Order backlog added, Turnover, etc. for 1994 and 1995.

FT CREDIT RATINGS international. A unique quarterly source of reference from FT Financial Publishing, essential to all players in the international credit markets.

ESPIRITO SANTO Financial Holding S.A. Floating Rate Notes due 2000. Notice is hereby given that for the three month period from April 17, 1996 to July 17, 1996 the Notes will carry an interest rate of 6% per annum.

BANQUE SOFINCO. Floating Rate Notes due 1998. Notice is hereby given that the rate of interest for the period from April 17th, 1996 to July 17th, 1996 has been fixed at 4.5625 per cent per annum.

NEWS DIGEST

Bank of Montreal in US expansion

Bank of Montreal, Canada's third-largest bank, is expanding its retail banking presence in the US through its wholly-owned Chicago subsidiary, Harris Bank, in a deal worth US\$277m.

Caterpillar slips to \$296m

Caterpillar, the US agricultural machine company, announced net income for the first quarter down from \$300m to \$296m, on revenues reduced from \$3.9m to \$3.8m.

Cott suspends dividend

Cott, the Canada-based international private-label soft drinks producer, has suspended its quarterly dividend of 2.5 cents a share until "reasonable profitability" returns.

Inco posts \$63m for first term

Inco, of Canada, the world's largest nickel producer which recently won control of the Volsey's Bay nickel deposit in Labrador, announced first-quarter net earnings of \$63m, against \$68m last term.

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صكرا من الامم

THE DIGEST  
Bank of Montreal  
US expansion

Metropolitan slips to \$296m

It suspends dividend

Q points to first

## Architects of value

This week I became Chairman of the Board of Bankers Trust, an extraordinary institution on the forefront of global finance. I take on this responsibility with great enthusiasm about the opportunities before us and confidence that we will become an even stronger and more successful firm in the years ahead. And all of us at Bankers Trust thank Charlie Sanford, on the occasion of his retirement, for his years of truly exceptional leadership of the firm.

This seems an appropriate time to offer some comment about the character and future of the firm to our clients, shareholders, and our colleagues worldwide.

At Bankers Trust, we combine extensive global resources with a true spirit of innovation, to build value for our clients. We strive to work with these "building materials" in the same collaborative, performance-oriented way that the best architects bring elements of design and construction to their work with their clients.

In this sense, the people of Bankers Trust are architects of value.

We endeavor to work together with our clients to analyze their financial needs and opportunities, using our considerable global resources in the broadest context. And we use innovation -- harnessed and focused as a responsible problem solving tool -- for the benefit of our clients. No one in the world does this better than Bankers Trust.

Over the years, Bankers Trust has assembled some of the most talented and creative people in finance into what is today an outstanding global organisation. Our resources have been designed and built based on

a truly global strategy, enabling the firm to provide financial services at the highest level, worldwide, for the most demanding clients.

Although I've been here only a relatively short time, it's become clear to me that our people are among the most intelligent, innovative, diverse, and entrepreneurial in the business world.

Well capitalised, with a balanced set of businesses, the firm has a solid foundation for the future -- and anticipating the future and preparing to deal with it innovatively is one of the things that Bankers Trust does best.

At its heart, I've found the Bankers Trust culture to represent the highest professionalism, and its abilities to be of the highest order. We have great strength at global finance. We excel at investment management, private banking, and processing services. We have worldwide expertise in trading and sales for clients and for our own accounts. And we are second to none in risk management. But we know that these capabilities are meaningful only as they are applied in the service of our clients.

I thank our many clients all around the world for the opportunity to develop ideas together and make them work. All of us at Bankers Trust look forward to working with you, and with new clients, on ways to build value together in the months and years ahead.

--Frank N. Newman  
Chairman  
Chief Executive Officer

 Bankers Trust

COMPANIES AND FINANCE: THE AMERICAS

Strong cigarette sales lift Philip Morris

By Richard Tomkins in New York
The growing popularity overseas of American-style cigarettes helped Philip Morris, the biggest US tobacco company, increase net income by 15 per cent to \$1.6m in the first quarter, excluding the effects of accounting changes.

sold 176bn cigarettes in the first quarter, 13 per cent more than a year earlier, and the division's operating profits rose 17 per cent to \$1.1bn. Cigarette volume rose in most big markets, but it was particularly strong in eastern Europe, where volume climbed 51 per cent on the strength of international brands such as Marlboro, L&M, Bond Street and Chesterfield, and local brands such as Kazakhstan.

ZPT-Krakow, Poland's largest cigarette company, during the quarter. Philip Morris's domestic tobacco business also did well. Against a continuing downward trend in US consumption averaging between 1 per cent and 2 per cent a year, Philip Morris increased shipments by 7 per cent to a record 64bn cigarettes. Operating profits rose 11 per cent to \$971m.

In part, the increase in shipments reflected a lumpy order flow from wholesalers. But the company's share of retail sales also rose to a record 48.7 per cent, and its flagship Marlboro brand increased its market share by 1.8 percentage points to a record 32.4 per cent.

announced a 20 per cent cut in its breakfast cereal prices to increase volume and win back market share, bringing competitors with a similar move it made three years ago to restore the market share of Marlboro and its other premium cigarette brands.

Eastman Kodak ahead and plans \$2bn stock buy-back

By Tony Jackson in New York
Unexpected strength in consumer products helped Eastman Kodak raise first-quarter net earnings by 5 per cent to \$274m, or 80 cents a share. The company also announced a \$2bn stock buy-back programme.



George Fisher: \$2bn buy-back provides value to shareholders

partly to severe competition and loss of market share in commercial graphics, particularly to the printing industry. It also cited pressure on conventional microfilm and microfilm, which are being particularly affected by the switch to digital imaging.

Mr Kavetsas said the decline was not caused by difficulties in the photocopying business, which Kodak has suggested may be for sale. The business made a profit, he said, approximately equal to last year's. He added: "I'd be very surprised if we end up with no change to that business, but what it will be is more uncertain. There may be a remaining Kodak interest, but it is reasonable to expect there will be other investors involved."

Arco confirms plan to build Rotterdam plant

By Jenny Luesby
Arco Chemical of the US yesterday confirmed that it would be building a plant in Rotterdam that would increase the world's output of propylene oxide, used to make polyurethane, by 9 per cent.

oxide has been growing at about 5 per cent a year, leaving it in short supply, but the market for styrene is already oversupplied. It is not possible to produce propylene oxide without producing styrene.

Arco was seeking similar arrangements for the remaining 70 per cent, it said yesterday. It has been estimated that by 1998, the supply of styrene will exceed demand by nearly 3m tonnes a year. This is likely to put the chemical under severe price pressure.

Arco is also expanding its styrene and polypropylene oxide output in the US, with an expansion at the plant in Chadwell, Texas. This will lift

the company's propylene oxide capacity by a further 60,000 tonnes a year and styrene by 110,000 tonnes a year, by early 1998.

US sales in consumer imaging - consisting mostly of film and photographic paper - rose 15 per cent to \$568m, while international sales were up by the same amount to \$697m.

per cent at \$161m. Mr Kavetsas said the fall in margins was due chiefly to higher advertising and sales promotion, particularly on Advantix, the new camera and film system launched earlier this year in conjunction with Japanese rivals.

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PAYABLE IN FULL WITH APPLICATION

With a competitive bid With a non-competitive bid

Price bid plus accrued interest £102 per £100 nominal of Stock

This Stock will, on issue, be an investment falling within Part II of the First Schedule to the Taxation (Investments) Act 1951. Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 25 April 1996.

- 1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.
2. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.
3. The Stock will be repaid at par on 7 December 2006.

the quarterly escrowment arrangements which have been introduced with effect from 2 January 1996 in connection with sale and repurchase agreements for gilt-edged securities. The starting date for an official sales facility will be announced in due course.

- 14. Further details of the tax treatment of securities resulting from the stripping of stock of this issue will be determined at or prior to the commencement of an official sales facility. Accordingly, the availability and terms of the escrowment in paragraphs 8 to 12 above in relation to such stripped securities are subject to modification. Information about other proposed changes in the tax regime for gilt-edged securities is contained in the documents referred to in paragraph 28 below.
15. Bids may be made on either a competitive or a non-competitive basis as set out below, and must be submitted on the application form published with the prospectus.

20. NON-COMPETITIVE BIDS
(a) A non-competitive bid, other than one made by a gilt-edged market maker, must be for not less than £1,000 nominal and not more than £500,000 nominal of Stock, and must be for a multiple of £1,000 nominal of Stock.

- (b) The Bank of England reserves the right to reject any non-competitive bid. Non-competitive bids which are accepted will be accepted in full at the non-competitive bid price plus accrued interest at the rate of £2.87672 per £100 nominal of Stock. The non-competitive bid price will be EQUAL TO THE AVERAGE OF THE PRICES AT WHICH COMPETITIVE BIDS HAVE BEEN ACCEPTED, the average being weighted by reference to the amount accepted at each price and rounded DOWN TO THE NEAREST MULTIPLE OF £100 OF £1.
21. The Bank of England will issue the full amount of the Stock on offer at the price bid by the applicant.

24. Certificates in respect of the Stock sold (other than amounts held in the CDO Service for the account of members) and the refund of any excess amount paid, may at the discretion of the Bank of England be withheld until the applicant's cheques have been paid or CHAPS payment received and, where required, satisfactory evidence of identity has been received.

- 25. Subject to the provisions governing membership of the CDO Service, a member of that Service may, by completing Section 3 of the application form, request that any Stock sold to him be credited direct to his account in the CDO on Thursday, 25 April 1996 by means of a member-to-member delivery from an account in the name of the Governor and Company of the Bank of England, Number 2 Account. Failure to request member-to-member delivery by the deadline for member-to-member deliveries under the rules of the CDO Service on 25 April 1996 shall for the purposes of this prospectus constitute default in due payment of the amount payable in respect of the relevant Stock.
27. Application forms and copies of this prospectus may be obtained by post from the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1JW; at the Central Gilt Office, Bank of England, 1 Bank Buildings, Princes Street, London, EC2R 8EU; or at any of the Branches or Agencies of the Bank of England, the Bank of Ireland, Moynihan Buildings, 1st Floor, 20 Colman Street, Belfast, BT1 5BN; or at any office of the London Stock Exchange.

APPLICATION FORM

Form for application, including sections for competitive bids, non-competitive bids, and CGO members only. Includes fields for nominal amount, price bid, and accrued interest.

REGULATED FINANCIAL INSTITUTIONS ONLY

Form for regulated financial institutions, including fields for name of regulator, membership number, and address.

REGISTRATION DETAILS

Form for registration details, including fields for title, forename, surname, address, and telephone number.

NOTES

Notes section containing important information and instructions for applicants, including details on payment and delivery.

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COMPANIES AND FINANCE: UK

Reuters will distribute funds to shareholders

By Geoff Dyer

Reuters, the financial information group, confirmed yesterday that it would distribute part of its \$250m (\$125m) cash pile to shareholders by the end of the year.

However, Sir Christopher refused to provide any further details on the method of returning funds to shareholders, which analysts expect to involve either a share buy-back or a special dividend.

At the same time, the group announced that revenues had grown by 14 per cent in the first quarter of this year to £713m (£526m). Excluding the effects of currency movements, revenue was 9 per cent higher.

The figures were in line with warnings the group has given during the last year that it might not achieve a "double-digit" revenue increase in 1996.

Mr Peter Job, chief executive, said the consolidation of the financial services industry had led to a slowing in the growth of sales of information products. Transaction products had continued to do well.

The new 3000 range of information products is to be launched at a three-day convention in Geneva this week.

Predictions that Reuters might return some funds to shareholders have been behind the 27 per cent rise in its shares since the beginning of the year. They have also been buoyed in recent weeks by speculation that the group would disclose its plans at yesterday's meeting.

Details were forthcoming.

Earlier this year the group stressed that the issue of share buy-backs in the UK was surrounded by complex and time-consuming legal issues.

In 1993 Reuters bought \$350m of its shares through a tender offer, which allowed tax-exempt shareholders to receive a credit linked to the group's advance corporation tax. The Inland Revenue has refused to give clearance for similar schemes.

Capel-Cure management resist sale

By Nicholas Denton

Management at Capel-Cure Myers, the UK private client stockbroker, is resisting plans by its Canadian owner to sell it.

Canadian Insurance Group, which owns 95 per cent of Capel-Cure, has informed executives of the UK company that it wishes to renew its efforts to sell its interest to raise funds.

But the Capel-Cure management, which owns the remaining 5 per cent, has refused to give its consent.

The management is exercising its right under the terms of a 1989 shareholders' agreement which precludes a sale without the approval of minority shareholders.

"They have asked us but there has been no agreement," said Mr John Henderson, chief executive of Capel-Cure. "They will not sell without that agreement."

Canadian Insurance Group is a consortium of banks which took the stake in Capel-Cure after the stockbroker's original owner, Central Capital Corporation of Canada, went bankrupt in 1992.

Capel-Cure is one of its few remaining assets, and it has come under growing pressure to liquidate the holding and recover funds for creditors of Central Capital.

Canadian Insurance has appointed Phoenix Securities to advise on options.

But it cannot formally mandate the investment banking boutique to sell Capel-Cure without the agreement of its management.

Despite reports that Banco Santander is willing to spend \$40m acquiring the private client stockbroker, Capel-Cure said Canadian Insurance had assured it that no discussions, formal or informal, had taken place.

Southern rules out an offer for South West Water

By Patrick Harverson

Southern Company, the US-based utility which last year acquired Sweb, the Bristol-based electricity company, has ruled out a bid for South West Water.

According to sources close to Southern, the US group is about to conclude the purchase of a water utility but the target is a small foreign company outside the UK.

Speculation that Southern was planning an immediate offer for South West, which is already the subject of two bids, yesterday pushed the water company's shares up 13p to 72p.

The speculation began after Southern confirmed it was considering selling up to half of its interest in Sweb as part of its normal strategy of finding minority partners for overseas acquisitions.

It is in talks with about six serious bidders - institutions and companies from the US and the UK - and a decision is expected within two months.

Market talk of a bid in the water sector was accompanied by speculation that National Power, the UK generator, might receive a takeover approach this morning. Pacific Gas & Electric, the big California-based utility, was mentioned as a possible buyer.

Pacific confirmed it was pursuing opportunities outside the US, but said any investments would be on a small scale.

National Power shares rose 3 1/2p to 52 1/4p.

BAe expands with AWA Defence buy for A\$54m

By Nikki Tait in Sydney and Simon Kuper in London

British Aerospace has bought AWA Defence Industries, the Australian defence electronics group, for A\$54m (\$41.8m).

BAe said the purchase would further its expansion plans in Australia and south-east Asia. It would probably also help its chances of winning the A\$1bn contract to supply aircraft to the country's Lead-in Fighter Programme, to be awarded this year.

AWADI employs 700 and is involved in such products as missile decoy systems and surveillance equipment. It expects sales of A\$150m in 1996 and the forward order book stands at about A\$300m. BAe Australia, employing 900, makes military vehicle assembly, avionics and defence systems, and had sales last year of A\$115m.

AWADI was previously 70 per cent owned by AWA electronics group and 30 per cent by South Australian Superannuation Funds Management Corporation. AWA said that it would book an abnormal profit of more than A\$5m on the deal, receive about A\$38m cash, and be released from bank guarantees of A\$43m.

Directors said they would use part of the proceeds to buy back up to 10 per cent of the group's equity. Acquisitions were being sought and areas for expansion included the communications and entertainment sectors, where it designs betting systems, and interactive multimedia games.



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SGA SOCIETE GENERALE ACCEPTANCE N.V. FFR 300,000,000 REVERSE FLOATING RATE NOTES DUE OCTOBER 15, 1997. ISIN CODE : X50034197037. For the period April 15, 1996 to July 15, 1996 the new rate has been fixed at 24.81252 % P.A. Next payment date : July 15, 1996. Coupon : 15. Amount : FFR 62720.54 for the denomination of FFR 1 000 000. The Principal Paying Agent: SOCIETE GENERALE BANK & TRUST - LUXEMBOURG

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Argyle diamond cartel decision expected in June

By Nidd Tait in Sydney
Ashton Mining, the junior partner in Australia's giant Argyle diamond mine...

price cuts and a deferred purchase programme. At its annual meeting in Melbourne, Ashton said that Argyle management was due to meet with the CSO for further discussions later this month...

Gold project has a heroic aura for Tajiks
Karen Taylor on the opening of the Central Asian republic's Zeravshan development

Nelson Gold has a heroic sounding name and a little of the admirer's aura rubbed off on the investors and brokers who attended the opening of the company's Zeravshan Gold operations in Tajikistan...

joint venture is a harbinger for all the others to come. It brings us closer to the West, brings advanced technology from the UK and America, and is also training for our people, bringing new levels of culture and...

been a major factor in cost overruns in the CIS. "I think we've got the job of procurement done to a fine art," he said. "Our philosophy is to source out of Europe and the UK and truck it in and we are...

exploration and development in the company's "backyard" to bring cash costs down from the current \$235 ounces to \$180-200 an ounce and could see output at 400,000-500,000 ounces by the 2002.

ing arrangements for the heap leach project. Mr. Hsu says that this will be financed 50 per cent by the IFC and the EBRD and 30 per cent by commercial banks. But will the latter have the stomach for a project that still has a high risk factor?

"This joint venture is a harbinger for all the others to come. It brings us closer to the West."

Lihir gold expects output boost

By Kenneth Gooding, Mining Correspondent, on Lihir Island.
Lihir Gold, which is developing one of the world's biggest gold mines in the month of an extinct volcano here, is now expecting a substantial increase to the output it predicted during its US\$450m flotation in October last year.

500,000 ounces. With operating margins expected to be about US\$150 an ounce, this would generate \$12m of extra operating profit. Production in 1996 would probably be about 675,000 ounces rather than the previously forecast 651,000. Mr. Vickerman said Lihir also had about \$100m available from its own resources for further expansion and he expected this would be implemented within two years to add more than one third to forecast gold production.

plidre ore - which is more difficult to process - in December 1997. The oxide scheme would more than pay for itself said Mr. Vickerman. It would enable three quarters of the processing plant to be tested six months ahead of the previous schedule and the workforce to be trained earlier.

civilisation. The latter, it has to be said, has been a major but not insurmountable problem for the company. Solutions were sought to shape up the Tajik workforce. Installing a doctor on site was one way to ensure that an "epidemic" of athletes' foot did not bring production to a halt. Image passes have also been introduced to eradicate "dual personalities" - some workers were signing on for multiple salaries.

getting it back in spades. The real problem was with air freight, which is very much the last resort. One potential investor was unwilling to commit himself until he was convinced about reserve levels, reported at 1.65m ounces at Jilan and Tavar in March.

The European Bank for Reconstruction and Development is waiting in the wings, pending the feasibility study of Phase 2. Having had his fingers burnt at Newmont's Zeravshan Gold project in Uzbekistan and running short of cash because of a plethora of other projects, it is particularly wary of cost overruns and who will pick up the tab.

Although the EBRD's Bert van der Toorn refused to be drawn on his bank's intentions, a casual remark at the "New Year" street party may give reason for optimism. As he settled back to watch the dancing children and prepared to tuck into the spread of food prepared by the villagers he observed: "You have to take a risk sometimes".

MARKET REPORT

LME base metals claw back some of their early losses

Base metals prices clawed back some late ground during afternoon "kerf" trading on the London Metal Exchange yesterday, largely because of covering rallies in copper and aluminium.

however, that further rallies might be difficult to stage, particularly for ALUMINIUM which hit a 2%-month low of \$1,588 in the three months delivery position, and for NICKEL traders said.

metal in trouble," said one. "It is a reasonable close but we are still calling for a move to test \$1,550/1,555."

The skids were under aluminium from the outset after news of another LME stocks rise, with stop-loss selling orders under the \$1,000 level eventually driving the market to its lows by midsession.

Bargain-hunting buying and local covering in fairly active trading indicated a turnaround during the afternoon. Compiled from Reuters

COMMODITIES PRICES

BASE METALS

Table with columns for metal type (Aluminum, Copper, Lead, Nickel, Zinc), price change, high, low, and open prices.

Precious Metals continued

Table with columns for metal type (Gold, Silver, Platinum, Palladium), price change, high, low, and open prices.

GRAINS AND OIL SEEDS

Table with columns for grain type (Wheat, Maize, Soybeans, Barley), price change, high, low, and open prices.

SOFTS

Table with columns for soft commodity type (Cocoa, Coffee, Sugar), price change, high, low, and open prices.

MEAT AND LIVESTOCK

Table with columns for livestock type (Live Cattle, Live Hogs, Pork Bellies), price change, high, low, and open prices.

PRECIOUS METALS

Table with columns for metal type (London Bullion Market, Gold, Silver), price change, high, low, and open prices.

NATURAL GAS NYMEX

Table with columns for gas type (NYMEX, Gas Oil, Heating Oil), price change, high, low, and open prices.

FUTURES DATA

Table with columns for market type (Oil, Grain, Metal), price change, high, low, and open prices.

INDICES

Table with columns for index type (Reuters, CRB, GSCI), price change, high, low, and open prices.

JOTTER PAD

Table with columns for commodity type (Aluminum, Copper, Lead, Nickel, Zinc), price change, high, low, and open prices.

CROSSWORD

No.9,045 Set by HIGHLANDER

Crossword puzzle grid with numbers 1-25 and a list of clues.

Answers to the crossword puzzle, including words like 'Embassy', 'Holds edges', 'It warns of burning wood', etc.

Irish gilts show strongest performance

By Samer Iskandar in London and Lisa Bransten in New York
International bonds traded quietly yesterday, as market participants awaited important events: a gilt auction announcement in the UK...

Further retail-targeted short-term dollar deals

By Conner Middelmann
The eurobond market saw more short-dated, retail-targeted dollar deals following three such transactions on Monday...

Railtrack mandate puts BZW top of league table

By Antonia Sharpe
The £2.35bn credit facility for Railtrack, the British rail network which is about to be privatised, has propelled BZW to the top of Euromoney's widely watched league table...

INTERNATIONAL CAPITAL MARKETS

German bunds ended higher after a week start. Life's June bond future settled at 96.65, up 0.41. In after hours trading, it held above 96.50...

INTERNATIONAL BONDS

Almost at the same time, Bank Austria launched \$200m of bonds due December 1999 paying 7 basis points over Treasuries...

NEW INTERNATIONAL BOND ISSUES

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Spread, Bookrunner

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Coupon, Maturity, Price, Yield, Spread

Table with columns: Country, Coupon, Maturity, Price, Yield, Spread

US INTEREST RATES

Table with columns: Term, Rate, Change

FT-FIXED INTEREST INDICES

Table with columns: Index, Price, Change, Yield

BOND FUTURES AND OPTIONS

Table with columns: Instrument, Price, Change, Yield

FT-FIXED INTEREST INDICES

Table with columns: Index, Price, Change, Yield

UK GILTS PRICES

Table with columns: Instrument, Yield, Price, Change

FT-FIXED INTEREST INDICES

Table with columns: Instrument, Price, Change, Yield

INTERNATIONAL BONDS

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Spread, Bookrunner

FT-FIXED INTEREST INDICES

Table with columns: Index, Price, Change, Yield

GLT EDGED ACTIVITY INDICES

Table with columns: Index, Price, Change, Yield

FT/ISMA INTERNATIONAL BOND SERVICE

Table with columns: Instrument, Price, Change, Yield



Handwritten Arabic text: سوقنا من الداخل

CURRENCIES AND MONEY

MARKETS REPORT

Markets wait on Bundesbank council meeting

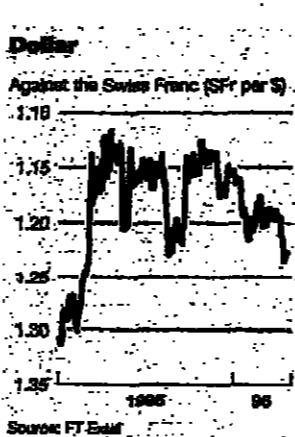
By Philip Gawth...

Foreign exchange markets had a fairly quiet day yesterday with the dollar falling to make a fresh headway to make a D-Mark stable against most currencies.

The dollar closed in London at DM1.5086, from DM1.5104. Against the yen it closed at ¥108.185, from ¥108.376.

Mr. Tony Norfield, UK treasury economist at ABN AMRO in London, said a tension had emerged in the US between the needs of the real economy, and the perception of markets.

Mr. Hawkins said the dollar remained the main talking point on the markets, with the background very positive. This takes the form of the expectation that US interest rates will rise.



Mr Hawkins said the dollar remained the main talking point on the markets, with the background very positive.

ger dollar.

The Swiss franc has been the focus of a fair amount of attention recently, slipping lower against both the dollar and the D-Mark.

gloss on the European story. He says: "Talk of postponement and delay to EMU appears to have been replaced by an emerging consensus around a small EMU starting in 1999 and growing large by 2002."

It may be that this greater EMU realism will provide the necessary trigger for a weakening of the franc, if it makes investors less inclined to abandon the D-Mark.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns for currency, bid/ask, change on day, etc. Includes rows for Europe, Americas, and various regional currencies.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns for currency, bid/ask, change on day, etc. Includes rows for Europe, Americas, and various regional currencies.

CROSS RATES AND DERIVATIVES

Table showing exchange rates and derivatives for various currencies including DM, Yen, and others.

JAPANESE YEN FUTURES

Table showing Japanese Yen futures contracts with columns for month, price, and change.

UK INTEREST RATES

Table showing UK interest rates for London money rates, clearing bank base rate, and short sterling options.

EMU EUROPEAN CURRENCY UNIT RATES

Table showing EMU European currency unit rates for various countries like Spain, Netherlands, etc.

BASE LENDING RATES

Table listing base lending rates for various banks and financial institutions.

WORLD INTEREST RATES

Table showing world interest rates for various currencies like Belgium, France, Germany, etc.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various currencies like Swiss Franc, etc.

OTHER CURRENCIES

Table showing other currencies like Canadian Dollar, Hong Kong Dollar, etc.

THREE MONTH EURO CURRENCY FUTURES (LFFE) 100m points of 100%

Table showing three-month Euro currency futures for various currencies.

THREE MONTH EURO CURRENCY FUTURES (LFFE) 500m points of 100%

Table showing three-month Euro currency futures for various currencies.

THREE MONTH EURO CURRENCY FUTURES (LFFE) 100m points of 100%

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LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Diageo	15.12	+0.12
Heineken	31.20	+0.20
Intercontinental	4.35	+0.05
Scotts	1.25	+0.02

CHEMICALS

BASF	14.50	+0.10
BP	18.20	+0.20
Imperial Chemicals	5.10	+0.05
Shell	12.80	+0.18

ELECTRONIC & ELECTRICAL EQPT - Cont.

Amper	5.10	+0.05
Blanco	1.10	+0.02
Chassis	1.20	+0.03
Diodes	1.30	+0.04

EXTRACTIVE INDUSTRIES - Cont.

Anglo American	3.50	+0.05
Barrick	2.20	+0.03
Platinum	1.80	+0.02
Goldcorp	1.50	+0.02

HEALTH CARE - Cont.

Bayer	24.50	+0.50
Biochem	3.20	+0.05
Glaxo	3.10	+0.02
Wellcome	4.10	+0.05

INVESTMENT TRUSTS - Cont.

Investment Trusts	12.30	+0.10
Equity	11.80	+0.08
Bond	10.50	+0.05
Global	9.20	+0.03

BANKS, MERCHANT

Bank of America	12.50	+0.10
Bank of Communications	8.10	+0.05
Bank of India	3.20	+0.02
Bank of Japan	2.10	+0.01

BANKS, RETAIL

Barclays	9.80	+0.15
HSBC	11.20	+0.20
London & Lancashire	1.80	+0.02
M&P	1.50	+0.01

BREWERIES, PUBS & REST

Beck's	18.50	+0.20
Carlsberg	12.10	+0.15
Guinness	5.10	+0.05
Intercontinental	4.35	+0.05

BUILDING & CONSTRUCTION

Barrat	1.10	+0.02
Bechtel	1.20	+0.03
James Watt	1.30	+0.04
Michael Baker	1.40	+0.05

DIVERSIFIED INDUSTRIALS

BHP	15.20	+0.20
British Petroleum	18.80	+0.25
British Telecommunications	12.10	+0.15
BTCL	3.10	+0.05

DISTRIBUTORS

Avon	1.10	+0.02
Harley Davidson	1.20	+0.03
Levi Strauss	1.30	+0.04
Reebok	1.40	+0.05

ENGINEERING

Alstom	1.10	+0.02
Bombardier	1.20	+0.03
Rolls Royce	1.30	+0.04
Siemens	1.40	+0.05

ENGINEERING

Alstom	1.10	+0.02
Bombardier	1.20	+0.03
Rolls Royce	1.30	+0.04
Siemens	1.40	+0.05

HOUSEHOLD GOODS

Arden	1.10	+0.02
Debenhams	1.20	+0.03
John Lewis	1.30	+0.04
Next	1.40	+0.05

INSURANCE

Aviva	1.10	+0.02
Guardian	1.20	+0.03
Prudential	1.30	+0.04
Scottish Widows	1.40	+0.05

HOUSEHOLD GOODS

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Blanco	1.10	+0.02
Chassis	1.20	+0.03
Diodes	1.30	+0.04

ENGINEERING - Cont.

Amper	5.10	+0.05
Blanco	1.10	+0.02
Chassis	1.20	+0.03
Diodes	1.30	+0.04

EXTRACTIVE INDUSTRIES - Cont.

Anglo American	3.50	+0.05
Barrick	2.20	+0.03
Platinum	1.80	+0.02
Goldcorp	1.50	+0.02

FOOD PRODUCERS

Borden	1.10	+0.02
Food Corp	1.20	+0.03
General Mills	1.30	+0.04
Kellogg	1.40	+0.05

GAS DISTRIBUTION

British Gas	1.10	+0.02
Edenred	1.20	+0.03
Energy	1.30	+0.04
Gas	1.40	+0.05

INVESTMENT TRUSTS

Investment Trusts	12.30	+0.10
Equity	11.80	+0.08
Bond	10.50	+0.05
Global	9.20	+0.03

ELECTRONIC & ELECTRICAL EQPT

Amper	5.10	+0.05
Blanco	1.10	+0.02
Chassis	1.20	+0.03
Diodes	1.30	+0.04

ENGINEERING, VEHICLES

Amper	5.10	+0.05
Blanco	1.10	+0.02
Chassis	1.20	+0.03
Diodes	1.30	+0.04

EXTRACTIVE INDUSTRIES

Anglo American	3.50	+0.05
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Glaxo	3.10	+0.02
Wellcome	4.10	+0.05

INVESTMENT TRUSTS SPLIT CAPITAL

Investment Trusts	12.30	+0.10
Equity	11.80	+0.08
Bond	10.50	+0.05
Global	9.20	+0.03

INVESTMENT TRUSTS SPLIT CAPITAL

Investment Trusts	12.30	+0.10
Equity	11.80	+0.08
Bond	10.50	+0.05
Global	9.20	+0.03

صفحة من الاجل

سكزا من الراجل

LONDON SHARE SERVICE

TRUSTS SPLIT CAPITAL - Cont.

Table listing various trusts and their financial details, including names like 'The British Trust for Africa' and 'The British Trust for International Development'.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts and their financial details.

INVESTMENT COMPANIES

Table listing investment companies and their financial details.

LEISURE & HOTELS

Table listing leisure and hotel companies and their financial details.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies (continued).

LIFE ASSURANCE

Table listing life assurance companies and their financial details.

MEDIA

Table listing media companies and their financial details.

Table listing media companies (continued).

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies and their financial details.

OIL, INTEGRATED

Table listing integrated oil companies and their financial details.

OTHER FINANCIAL

Table listing other financial companies and their financial details.

Table listing other financial companies (continued).

PHARMACEUTICALS - Cont.

Table listing pharmaceutical companies (continued).

PROPERTY

Table listing property companies and their financial details.

PROPERTY - Cont.

Table listing property companies (continued).

OTHER FINANCIAL - Cont.

Table listing other financial companies (continued).

PAPER, PACKAGING & PRINTING

Table listing paper, packaging and printing companies and their financial details.

PHARMACEUTICALS

Table listing pharmaceutical companies and their financial details.

PROPERTY

Table listing property companies and their financial details.

PROPERTY - Cont.

Table listing property companies (continued).

RETAILERS, GENERAL

Table listing general retailers and their financial details.

RETAILERS, FOOD

Table listing food retailers and their financial details.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued).

SUPPORT SERVICES

Table listing support services companies and their financial details.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued).

TELECOMMUNICATIONS

Table listing telecommunications companies and their financial details.

TEXTILES & APPAREL

Table listing textiles and apparel companies and their financial details.

PROPERTY - Cont.

Table listing property companies (continued).

RETAILERS, FOOD

Table listing food retailers and their financial details.

RETAILERS, GENERAL

Table listing general retailers and their financial details.

RETAILERS, GENERAL - Cont.

Table listing general retailers (continued).

SUPPORT SERVICES

Table listing support services companies and their financial details.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued).

TELECOMMUNICATIONS

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TEXTILES & APPAREL

Table listing textiles and apparel companies and their financial details.

TEXTILES & APPAREL - Cont.

Table listing textiles and apparel companies (continued).

TOBACCO

Table listing tobacco companies and their financial details.

TRANSPORT

Table listing transport companies and their financial details.

TRANSPORT - Cont.

Table listing transport companies (continued).

SUPPORT SERVICES - Cont.

Table listing support services companies (continued).

TELECOMMUNICATIONS

Table listing telecommunications companies and their financial details.

TEXTILES & APPAREL

Table listing textiles and apparel companies and their financial details.

TEXTILES & APPAREL - Cont.

Table listing textiles and apparel companies (continued).

TOBACCO

Table listing tobacco companies and their financial details.

TRANSPORT

Table listing transport companies and their financial details.

TRANSPORT - Cont.

Table listing transport companies (continued).

WATER

Table listing water companies and their financial details.

WATER - Cont.

Table listing water companies (continued).

AIM

Table listing AIM companies and their financial details.

AIM - Cont.

Table listing AIM companies (continued).

AMERICANS

Table listing American companies and their financial details.

AIM - Cont.

Table listing AIM companies (continued).

AMERICANS

Table listing American companies and their financial details.

AMERICANS - Cont.

Table listing American companies (continued).

CANADIANS

Table listing Canadian companies and their financial details.

CANADIANS - Cont.

Table listing Canadian companies (continued).

SOUTH AFRICANS

Table listing South African companies and their financial details.

SOUTH AFRICANS - Cont.

Table listing South African companies (continued).

GUIDE TO LONDON SHARE SERVICE

Guide to London Share Service: Please for the London Share Service delivered by FT Ltd, a member of the FT Group.

Company checklists are based on those used for the FT-SE 100 Index.

Dividend yield percentages are shown in prices unless otherwise stated.

Prices are based on the closing price of the share on the day of publication.

Market capitalization shown is calculated separately for each line of stock.

Prices are based on the closing price of the share on the day of publication.

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4378 for more details.

Main table containing financial data for various funds, including columns for fund names, prices, and performance metrics. The table is organized into several sections: 'Other Offshore Funds', 'Offshore Insurances', and 'Managed Funds Notes'.

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES
Prices are in US dollars unless otherwise stated and have been calculated on the basis of the latest available information.

Bank of Montreal US expansion

1995-96

Suspends dividend

Spends \$1.2bn for fleet

LONDON STOCK EXCHANGE

MARKET REPORT

Footsie powers through 3,800 to hit new peak

By Steve Thompson, UK Stock Market Editor

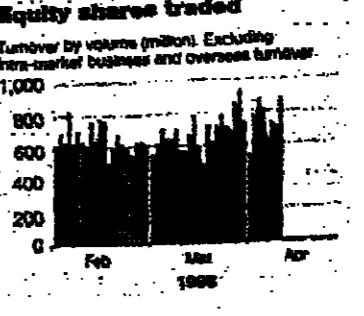
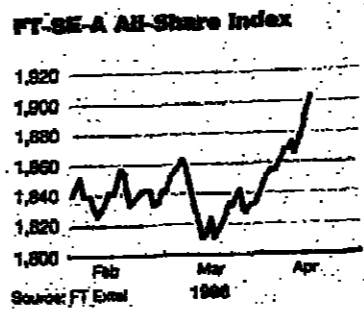
The prospect of a fresh wave of takeover moves, more positive news on the domestic economy, a new inflow of overseas money, and another powerful performance by Wall Street, saw UK equities surge to new all-time highs yesterday.

sailed comfortably through the 3,800 level to settle 34.6 up at a new peak of 3,825.3. Over the past three trading sessions the Footsie has risen 81.1, or just over 2 per cent.

Noting that "the people that bought BET before the Rentokil bid were buying National Power". "The way the shares moved yesterday and judging by the weight of business in the traded options, I wouldn't back against a bid being launched," said the head of market-making at one UK broker.

Jeffrey, group economist at Charterhouse (Tiney, said he expected the Footsie to reach 4,000 this quarter. But he cautioned that political constraints will affect the market during the second half.

Average and to bullish UK economic news. The Royal Institute of Chartered Surveyors reported a big increase in activity in the UK housing market.



Indices and ratios table. FT-SE 100: 3825.3 (+34.6). FT-SE Mid 250: 4458.5 (+1.5). FT-SE All-Share: 3825.3 (+17.7). FT-SE All-Share yield: 3.70.

Mega bid surge at NatPower

Prospects of a mega bid within the utilities sectors were sparked by comments from Southern, of the US. Initially, the comments made by Mr Bill Dahlberg, the chairman, on UK television were taken as a sign that one water company would be approached.

Disappointment that cash-rich Reuters Holdings did not announce a share buyback with its first-quarter figures prompted a brief sell off. After the headline statement there was a flurry of selling which sent the shares down 15 at worst and led to a spell of backwash, the technical situation where bid and offer prices are temporarily reversed.

Lower at 287p on turnover of 17m. The team at Kleinwort Benson downgraded its recommendation on the stock to "sell", saying: "The company's expansionary programme and change in dividend policy is regressive given the industry's maturity."

merger between the two companies. Boosey & Hawkes, the North London musical instrument maker, forged ahead 43 to end at 688p on the back of good financial results.

Conrains fell 10 to 433p on the back of cautious comment from the chemical group's Austrian rival Lanzing on the outlook for the viscose market into the second half.

FUTURES AND OPTIONS table. FT-SE 100 INDEX FUTURES (LFFB) £25 per full index point. FT-SE MID 250 INDEX FUTURES (LFFE) £10 per full index point.

TRADING VOLUME table. Major Stocks Yesterday. Includes columns for Stock, Volume, Change, and % Change.

VITA HIGHLIGHTS FROM THE 1995 REPORT AND ACCOUNTS. Includes bullet points on sales of £876m, profit of £48.4m, and restructuring programme.

GIVE US A STAPLE. And don't forget to add your cheque to fund more Macmillan Nurses to help 1,000,000 people living with cancer.

FT-SE Actuarial Share indices. The UK Series. Table with columns for Index, Day's Change, Apr 15, Apr 12, Apr 11, Year ago, Div. yield, Net, P/E, Xd, Total Return.

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Handwritten Arabic text: سوكا من الال

150 من المال

HOPE  
ech 37%

WORLD STOCK MARKETS

Table of world stock markets including sections for EUROPE (Austria, Germany, France, Italy, etc.), ASIA (Japan, Korea, etc.), PACIFIC (Australia, New Zealand, etc.), and AFRICA (South Africa). Each section lists various stock indices and their performance.

As builder of the Space Shuttle and its main engines, Rockwell continues to explore the frontiers of space. Rockwell logo.

INDICES table with columns for Index Name, Open, High, Low, and Change. Includes major indices like S&P 500, Nikkei, and others.

US INDICES table with columns for Index Name, Open, High, Low, and Change. Includes Dow Jones, S&P 500, and other US market indicators.

Table of active stocks and bonds, including sections for 'NEW YORK ACTIVE STOCKS', 'NEW YORK ACTIVE BONDS', and 'NEW YORK ACTIVE STOCKS'.

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Gambo pays \$5m for US care group

arket

4 pm C200 April 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table containing stock prices, organized into columns with headers like 'NEW YORK STOCK EXCHANGE COMPOSITE PRICES' and various stock symbols and prices.

Advertisement for Hewlett-Packard featuring a computer monitor and the text 'Time waits for no one. If the business decisions are yours, the computer system should be ours.' Includes the HP logo and website URL.

Large advertisement for 'Ger' (likely Gerber) featuring a baby's face and the brand name in a stylized font.

Handwritten text at the bottom center: '150 من الاموال'

Continued on next page

كندا من الامم

4 pm close April 16

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices with columns for Stock, High, Low, Change, and Volume. Includes sub-sections for -V-, -W-, -X-, -Y-, and -Z-.

NASDAQ NATIONAL MARKET

4 pm close April 16

Table of NASDAQ National Market prices with columns for Stock, High, Low, Change, and Volume.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices with columns for Stock, High, Low, Change, and Volume.

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Continuation of NASDAQ National Market prices from the previous page.

